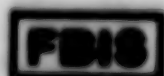


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West Europe Report

No. 1629



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WEST EUROPE REPORT

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NEW U.S. NUCLEAR WAR STRATEGY QUESTIONED

Amsterdam ELSEVIERS MAGAZINE in Dutch 16 Aug 80 p 47

[Article by G. Philip Mok: "Carter's Nuclear Threshold"]

[Text] With the basic idea that superpowers must not overemphasize the importance of local conflicts and that maintaining the world balance of power is much more important, then President Richard Nixon and his inventive number two, Henry Kissinger, were able to pull the United States out of the "morass" of Southeast Asia. The world balance was more important than the number of sacrifices that, predictably, poured forth when Vietnam and Cambodia were left to the whims of the Red forces. There is quite a bit to be said, in moral and ethical terms, about the Nixon-Kissinger concept, but no sensible man can deny that the Soviets' respect was higher for the government in Washington at that time on the basis of that concept than it is today. There was then no millimeter of doubt left as to precisely where the limits lay where Russian and American actions were still acceptable. The result was that the Kremlin knew that in calculating strategic and political maneuvers it had to think within very narrow margins. When the Soviets were even considering intervening in the Yom Kippur War in 1973, the American fleet was promptly brought to a state of alert, with a resolution which shocked many.

How different the situation is today under President Carter. The so long-lasting, shameful holding of the American diplomats in Iran, proceeding from the shameful ouster--without the United States actually coming to the aid of its long-term ally--of the Shah, has been followed only by a pitiful show of American impotence.

It does not seem impossible that the confusion around Iran was at least one of the reasons for the Soviets to dare to take the gamble of invading Afghanistan, in the belief that if the United States suffered a true ally in a vital area like the Persian Gulf to lose his status and capacity as a military superpower, the reaction to an invasion in Afghanistan could not be forceful, either. That the appeal Carter later made for a boycott of the Olympic events in Moscow led to little more than the laying bare of a

fundamental Western divisiveness could not have been known to the Soviets. But they could well suspect that the combined Western-American answer would be too weak to be feared.

It is important to weigh this course of events, including Carter's weak answer, together with the appearance of new Soviet rockets in Cuba, in evaluating the new strategic concept the United States government made known to the world last week. The fact that Secretary of State Edmund Muskie got mad because he "had to read about the new American nuclear war policy in the papers," is only of collateral interest in this respect, as an illustration of Carter's clumsy presentation of policy.

On the face of it, the new United States position with respect to a possible nuclear war with the USSR is both unusually humane and sensible. Part of the enormous potential of nuclear rockets is set up in such a way as to be able to strike the most prominent Soviet population centers in answer to a Soviet nuclear attack. The thought behind this arrangement is that a balance of terror would come to exist which would deter the Kremlin from thoughtless attacks, out of fear of the destruction of population and industrial centers. The so-called MAD (mutual assured destruction) doctrine, however, did not deter the Soviets from developing an equally great potential for terror or attack, with the tragic result that a race has come about on the question of who can destroy whom completely how many times and how fast.

According to the current American secretary of defense, Harold Brown, the point has now been reached where the United States can now only react in two ways to a Soviet attack: by a war of total destruction or by shooting powerlessly short. It is because of that that the Carter government wants to strive for a new, extra accurate rocket arsenal which would have to be aimed at purely military targets in the Soviet Union. The question of whether it is useful to spend billions on that kind of new weapons can properly be answered in the affirmative. And in that respect, the Soviet party paper PRAVDA's contention can be rejected that "Washington is stimulating a war psychosis," and "is fighting a weakening of its senses of reality." Anyone contending that the new United States policy indicates an increase in military capacity is either a servant of evil or an incompetent. But the Kremlin's pen-pushers cannot be accused of incompetence.

The American weekly NEWSWEEK responded bluntly to the Soviet position that the new strategy is "more realistic than MAD." The painful thing is that this seems to be true only in the event that a future United States government--according to experts, the development of the new generation of rockets will take years--shows signs of greater self-assurance than the Carter administration has indicated thus far. For only real determination, which is appreciated in the Kremlin, can prevent the nuclear threshold's being lowered drastically as many fear by the new position. Then the position would have to be that as a first reaction only military targets would be hit, with the more drastic implications later to serve as a

deterrent. The danger of that would have to be real to the Soviets if they are to be restrained from adventures a la Afghanistan in new areas such as Europe or the strategically important Persian Gulf, or in the Middle East, which is still a potential hot spot in the classical sense, the Arab-Israeli conflict.

The question of whether the Soviets would ever dare to take the risk of a limited nuclear war heightens the already stiff European dilemma. For if it is not clear how far Washington would dare to go in answer to nuclear aggression, then it becomes even less clear where the Americans see the boundary as lying for tolerating Soviet adventures. In that regard, Europe can no longer permit itself to trust blindly in the American nuclear umbrella as its last means of salvation. Within the current political situation in each of the countries on our old continent, any expansion and reinforcement of the European nuclear potential scarcely seems to be possible. But it may very well prove to be the only option remaining if the Carter plan should continue to be coupled to the zigzag course that has followed the balanced concepts of the Nixon-Kissinger duo.

6940

CSO: 3105

BRIEFS

EXPORTS TO EAST EUROPE--Poland continued to be Austria's biggest export market in eastern Europe in the first half of 1980. In this period, Austrian exports to Poland totaled 2.7 billion schillings. Exports to the USSR were 2.5 billion schillings, to Hungary 2.3 billion schillings, to the CSSR 1.4 billion schillings, to Romania 1.3 billion schillings, to the GDR 1.2 billion schillings and to Bulgaria only 755 million schillings. [AU291645 Vienna VOLKSSTIMME in German 29 Aug 80 p 2]

GDR PURCHASES CONSUMER GOODS--Contracts for Austrian consumer goods deliveries to the GDR worth about 300 million schillings were concluded on Friday morning at the Leipzig fair. Some of the goods will be supplied only next year, however. With this and some additional pending orders, Austrian consumer goods exports, which last year were 600 million schillings, are expected to exceed the 1 billion schillings mark. These exports consist of textiles, shoes, leather goods as well as some Austrian wine. According to Austrian trade counselor in the GDR Stefan Wratschko, there are very good prospects for an expansion of Austrian exports also in the capital goods sector, where several important contracts are expected to be concluded before the end of this year. Thus an Austrian participation in a converter plant [not further explained] project for Eisenhuettenstadt worth 10 billion schillings is currently under negotiations. For this year, Wratschko expects a 35-percent increase of Austrian exports to the GDR, to about 3 billion schillings. This figure does not include extensive Austrian services in the field of construction and assembly. "According to Wratschko, Austrian Chamber of Commerce Chairman Sallinger on the occasion of the Leipzig fair had talks with GDR State Council Chairman Honecker and Council of Ministers Chairman Stoph, which were assessed by both sides as very positive. As Wratschko stressed, the GDR side displayed strong interest in a further intensification of economic relations with Austria." [Summary] [AU091423 Vienna ARBEITER-ZEITUNG in German 6 Sep 80 p 6]

MOTORS FOR TAIWAN--The Austrian Steyr-Daimler-Puch Automotive Corporation has concluded a cooperation agreement with the Wheelking Company of Taiwan which is part of the China Investment Trust Corporation. Under the new agreement, the Austrian company will initially supply over 40,000 motors for small motorcycles (Mopeds) as of this fall. Later on, these motors are to be manufactured in Taiwan under Austrian production licenses and with Austrian know-how. [AUL11946 Vienna ARBEITER-ZEITUNG in German 6 Sep 80 p 6]

ISRAELI MAPAM DELEGATION--Vienna (SK)--A delegation of MAPAM, Israel's United Labor Party, consisting of Secretary General Victor Shem-tov, Political Secretary El'Azar Granot and International Secretary Dov Zakin, was received by Austrian Socialist Party (SPOE) Chairman Kreisky in Vienna on Tuesday (2 September). In a long, very friendly talk the current domestic and foreign political situation of Israel, the situation in the Middle East in general and questions of the Socialist International were discussed. Earlier, the delegation had visited Walter Hacker, international secretary of the SPOE, at SPOE headquarters on Loewelstrasse and discussed with him issues regarding relations between the two parties and their relations within the framework of the Socialist International. [Text] [AU041904 Vienna ARBEITER-ZEITUNG in German 4 Sep 80 p 2]

FINANCE MINISTER RETAINS OFFICE--After a discussion lasting several hours the leading bodies of the Austrian Socialist Party (SPOE) yesterday decided that Hannes Androsch should retain his functions both of finance minister and vice chancellor. "At a press conference after the SPOE executive committee session, which ended shortly after 1830 hours, Chancellor Bruno Kreisky declared that the finance minister had unreservedly accepted all of his, Kreisky's 'ten commandments.' [Kreisky's recently announced 10-point anticorruption program] Kreisky added that, as far as Androsch personally was concerned, he had expressly declared that he would completely part with his tax consultation firm 'Consultatio' within a reasonable length of time-- in other words, that he was going to sell it." Kreisky added that the finance minister's acceptance of his 10-point program, including the points directly affecting Androsch, had been noted with approval by the party executive committee. "Androsch himself declared, among others, that he did not resign because it had been generally desired that an acceptable solution to the conflict be found, and that he had consented to this solution in the interest of the government and of the party. Regarding the planned separation from the Finance Ministry of the Government Assets Administration, Androsch said that he did not regard this as an amputation of his department." [Summary] [AUL11153 Vienna WIENER ZEITUNG in German 10 Sep 80 p 1]

DELEGATION TO EAST BERLIN--At this year's interparliamentary union conference to be held from 15 to 24 September in East Berlin, Austria will be represented by a delegation headed by Fritz Marach, central secretary of the Austrian Socialist Party, [SPOE] and including another SPOE nationalrat deputy as well as two deputies of the Austrian people's party and one of the Austrian freedom party. [AUL50707 Vienna WIENER ZEITUNG in German 12 Sep 80 p 2]

CHILE REFERENDUM PROTEST--"Nationalrat deputy Mrs Hilde Hawlicek (SP) [Austrian Socialist Party], human rights spokeswoman of the SP nationalrat faction, on Thursday [11 September] called on the Chilean ambassador in Vienna to lodge a protest against the undemocratic referendum about the illegitimate, undemocratic constitution of Chile. She declared that there were neither democratic rules insured for the referendum, nor was the amendment of the constitution apt to turn Chile into a democratic state again." The referendum is merely designed to prolong the military dictatorship, Deputy Hawlicek declared. [Vienna ARBEITER-ZEITUNG in German 12 Sep 80 p 3 AU]

POWER SUPPLY SECURE--Walter Fremuth, director general of the Austrian Federal Power Company, declared at a press conference in Munich that Austria's power supply for the coming winter was secured. A serious power situation for Austria could develop only if the country's hydro-power production were affected by coinciding periods of low temperatures and drought. In such an event Austria would depend on aid from the West European Power grid, he said. In the first 8 months of this year, Austria's power exports were 7 percent higher than during the corresponding 1979 period, while imports increased by 59 percent. [AUL52143 Vienna ARBEITER-ZEITUNG in German 11 Sep 80 p 1]

CSO: 3103

VAN MIERT ATTACKS GOVERNMENT'S SOCIAL POLICIES

Brussels LE SOIR in French 30 Aug 80 pp 1, 2

[Article by J.V.S.]

[Text] The big fall [political] maneuvers have started, sooner than expected. Several days ago, former minister Ernest Glinne demanded that the socialists leave the government, because no further gains were to be expected from their participation in it. Several hours later, the head of the Flemish socialist group in the Senate, Jos Wuytack, went over the social policy of the present Martens cabinet with a fine-toothed comb--and without a trace of kindness. A new salvo was just launched by the president of the SP [Flemish Socialist Party], Karel Van Miert. And in no way was it a salvo of applause.

Reactions were not, moreover, long in coming. The president of the PSC [Christian Social Party], Paul Vanden Voeynants, reproaches his younger colleague with being too fond of "pre-election shows." As to the president of the PRL [Party of Reform and Liberty], Jean Gol, he considers that Mr Van Miert is lacking in calmness and cool-headedness. And Mr Guy Rathot, national minister of education and principal leader of the PS presently in position (sic), promptly answered him back, responding point for point to Mr Van Miert's arguments.

The trade union organizations, for their part, are rising from their summer torpor and beginning to organize resistance to the notorious "2 percent," that is, to the payroll deductions for the pension fund of public servants. Moreover, these deductions bid fair to steal the limelight from the [school issue raised by the] Flemish class in Comines.

In an interview given in "De Pers" on Friday morning, Mr Karel Van Miert attacks numerous aspects of government policy. In so doing, he does not treat the liberal wing of the majority with kid gloves.

For Mr Van Miert, it is obvious that the upcoming SP congress scheduled to assess the effectiveness of participation on the Martens-Spitaela team, unfailingly reject the 2 percent deductions.

"This measure is in absolute contradiction with the terms of the governmental accord, which explicitly provides for the inviolable character of the indexed wages. The government must therefore look for other sources of income. As for me, I am ready to discuss the creation of a solidarity fund, under whatever form."

Still in the social field, Mr Van Miert considers that the gradual limitation of "swollen" pensions is inadequate, and more radical measures should be taken.

Finally, the SP president did not fail to mention several other problems about which he feels strongly. He intends to get the 750 million (Belgian francs) supplementary appropriation to National Defense for fuel expenditures eliminated. "And if minister Poewick is not happy, he can just walk out."

Mr Van Miert also rebels against the "corridor maneuvering" of those who want to force a decision before the end of the year on the possible deployment in Belgium of 48 cruise missiles. For the Flemish socialists, there can be no question of doing anything on this matter before the elections in America and before the Madrid conference on cooperation and security in Europe. Any haste in this matter would jeopardize SP participation in the government.

Mr Van Miert would also like explanations for the "suspicious visit" paid by liberal ministers De Croo and Poewick to the "corrupt dictator of Zaïre."

So the SP is coming back to Congress in an emboldened spirit. All the more as Mr Van Miert says the government should have the courage to go back and annul some of its decisions. Paradoxically, the SP president renders homage to the leading man of his ministers, Willy Claes, who fought "tooth and nail" to mitigate the antisocial character of the final budgetary measures. And if Mr Claes finally accepted the 2 percent, it was out of weariness.

VDB (Vanden Boeynants): Misplaced, Useless, and Irritating Ideas

Just returned from Italy, the president of the PSC Paul Vanden Boeynants was the first to react. We met him in his office on Deux-Eglises street. His reply to Mr Van Miert was that of an irritated man:

"To take such abrupt positions in the format of an interview is a perfect example of what one must not do if one wants to assure the cohesion of a governmental majority.

"What would Mr Van Miert say if the president of another party lit into the CP ministers in terms as cavalier with regard to certain members of the government? Government's decisions are the decisions of all the ministers and this government--for now, at least--has a certain number of CP ministers."

On the subject of the "2 percent," Mr Vanden Boeynants regrets the method decided on by the government: "I think that in this matter, as in others, previous coordination is necessary. Even if this concertation ends in divergences of views and ends in a governmental decision which does not carry the support of social interlocutors. The final decision must always belong to the government. But the method which has been followed does not seem to me to be the best. As to the basic question, I am waiting to find out what is the exact scope of the measures taken. I could only venture an opinion after being in possession of the official version. But at present, I will say that the situation in which the country finds itself no longer allows for any policy to be easy, and to refuse to understand this is either demagoguery or stupidity."

Returning next to the ideas held by Mr Van Miert, Mr Vanden Boeynants concluded in these terms:

"I do not know Mr Van Miert's motives; up to now he has not informed me about them. But what is certain is that we are no longer in a period when pre-election shows can be confused with the running of the government. And it is obvious that as an introduction to an autumn which everyone knows is very likely to be a painful one, some better way could have been found than the staking out of positions which some governmental partners will undoubtedly find misplaced, useless, and irritating."

Mr Gol: Mr Van Miert in the Sun

The president of the PRL, contacted by telephone, responded in the ironic mode:

"I do not know where Mr Van Miert spent his vacation, but if it was in the sun, it does not appear to have done him any good."

"It was on 8 August that the council of government decreed, unanimously, the broad lines of the budget. As for me, I got myself immediately informed about the decisions of the government. I imagine that it was the same for my colleague, unless he did not deem these budgetary decisions sufficiently important for the country to be in contact with the ministers of his party at that time. In any case, it's fair to say that if he did ~~not~~ react at the time, it was because he was not fundamentally

in disagreement. His tardy reaction, after more than 3 weeks, coming after the protests by the trade unions and others, indicates that what we have is more of a demagogic position than a responsible action in relation to a government in which Flemish socialist ministers participate.

"The decisions of the council of government are clear. The SP ministers accepted, and some even suggested, the 2 percent measure for the public services. This measure was perhaps not the only possible method, and, without concertation, may not have been the best. But the decision is made, and the government cannot be a mere weathercock.

"The liberal ministers and the PRL stand united with the government. If Mr Van Miert is not in agreement, he should do his duty. He is not yet the one to dismiss the ministers. The only thing Mr Van Miert can do is to disavow the Flemish socialist ministers and to demand their resignation, assuming that Mr Claes and his colleagues are agreed to follow him in such adventures with the risk of dragging into it a country shaken by economic crisis.

"For years, the country has been ill because the CVP [Social Christian Party] profoundly divided, was sick. Can Belgium, in deep crisis today, withstand the added blow of the internal malady of the SP, divided between Van Miert's Dr Jekyll and Mr Claes' Hyde?"

Mr Mathot: "Unfounded Criticisms"

For Guy Mathot, Walloon socialist minister, the criticisms of Mr Van Miert are not [well-] founded:

"The budget for National Defense is one with respect to which we exercise particular vigilance. In 1980, we refused the supplementary appropriations requested, we have implemented the 2.2 percent reduction, we asked for and obtained participation [of Defense] in the complementary 13 billion [Belgian francs] austerity measure. This budget has certainly not been privileged, and we are quite far from the demands formulated by some people."

With respect to the "pension deductions imposed on functionaries, Mr Mathot goes back to the line of argument he already developed in response to Mr Glinne:

"It is not in any way a question of threatening the principle of the linkage of wages to the index. This deduction is a solidarity measure for all classes of the [economically] active population, in order to assure the financing of the pension system.

"The state budget is in deficit, while it is increasingly begged from all sides to attend to the slightest economic problem. If we want to assure the survival of the state, we will have to make big efforts."

Trade Union Retort

One will also take note of the quite tangible toughening in the tone adopted by trade union leaders. The secretary of the Walloon inter-regional of the FGTB (General Federation of Labor of Belgium), Jean Gayetot, has said that the return of the legislature in the fall would not just be hot, but "explosive." In a communique, the socialist labor organizations consider "as completely unacceptable the measures taken with respect to employees of the public services struck by a 2 percent decrease in their purchasing power." The decision made by the ministers in early August "constitutes a repudiation of the governmental declaration on the linking of wages and salaries to the consumer price index, as well as a grave attack on the principle and on the functioning of the (process of) social concertation which the government is calling into question by its provocative position."

The frontal attack of the Walloon FGTB does not stop there. Also thrown into question are: the failures in the struggle against tax fraud, the threat to social gains caused by the subterfuge of deductions and new charges in the field of social security, the increase of several indirect taxes, and the inadequacy of the planned state reform.

For the PS, too, where the influence of the labor militants is not negligible, the fall session looks like a hot one.

9516

CSO: 3100

MARTENS ENCOUNTERS SP OPPOSITION

Brussels LE SOIR in French 31 Aug-1 Sep 80 pp 1, 2

[Text] We bet Prime Minister Wilfried Martens was mightily surprised, on coming back from a few days of relaxation at the foot of Mt. Ventoux, to see the violence of the agitation within his majority. The situation sufficiently disturbed him to justify an interview Sunday with the main Flemish socialist leaders. Thus President Karel Van Miert will be accompanied by the minister of economic affairs, Willy Claes, and chiefs of the parliamentary groups of the SP [Flemish Socialist Party], deputy Louis Tobback and Senator Joz Wuytackx. It has been some time ago that Mr Van Miert asked to meet the head of government in order to acquaint him with the many complaints of the SP. No date had been fixed, but it is clear that Mr Van Miert's latest statements have to some extent forced events. So much, truly, that the interview granted by the SP chief to our brethren of the "Belang van Limburg" has had the veritable effect of a bomb.

We described in our previous issues the ideas brought forth on this occasion by Mr Van Miert. Let us recall that the latter had criticized in especially harsh terms various aspects of the governmental policy. Thus, he announced that the next congress of his party--scheduled for the early part of October--will unfailingly refuse to accept the notorious "2 percent," namely, the [payroll] deductions on the salaries of civil servants, in order to feed the pension funds. Mr Van Miert also discussed the national defense budget, the missiles affair, relations with Zaire, and the limitation of "swollen" pensions.

The SP president thus literally threw the gauntlet at the feet of his colleagues in the majority. The latter of course reacted immediately by means of the SOIR. To such an extent that throughout the entire day Friday there was a veritable fireworks display of statements. At the PSC [Christian Social Party], Mr Paul Vanden Boeynants reproached his young colleague for being overly fond of "pre-election shows." At the PRL

[Party of Liberty and Reform], Mr Jean Gol opined that Mr Van Miert was lacking in calmness and cool-headedness, and that the sun (he had gotten) during his vacation had definitely not done him any good. At the PS, Mr Andre Cools, while adopting a more moderate tone, called for respect for the most elementary rules of ethics.

In reality, the explosive statements of President Karel Van Miert are revealing of the malaise that reigns within the socialist movement, both in the north and in the southern part of the country. The decisions made by the government on 9 August were not to everyone's taste, especially at the trade unions' headquarters, where the staff are actively preparing their rebuttal.

The soothing words of Minister Willy Claes in the SP and of President Andre Cools poorly mask the disenchantment of many party activists.

One will also note the argument developed by Mr Ernest Glinne, spokesman of the anti-participationist wing of the Socialist Party. In a new "free tribune" published by JOURNAL ET INDEPENDANCE, Ernest the rebel insists on the fact that in agreeing to enter the government, the Auderghem congressmen did not imagine the extent to which the weight of the conservative right would be decisive within the majority. And, picking up Mr Van Miert's viewpoint on the matter, the chief of the socialist group in the European Parliament is of the opinion that the PS should return to the opposition if the government does not back off from the 2 percent.

The reassembly congress of the PS, scheduled for the end of September, should thus provide a forum for some harsh explanations. The date of these sessions could however be advanced if three federations introduce a request of this nature. Now at Auderghem, the majority of four federations voted against participation in the government: Nivelles-Wallon Brabant, Charleroi, Thuin, and Verviers-Eupen.

In short, in these last days of August, after less than three weeks of relative calm, we are watching a beautiful rugby melee. With this exception, that rugby is a team sport, while in the present example all the players seem to want to play on their own.

Recalling that we published in our previous editions the "hot" reactions of Gol and Vanden Boeynants, we report below the remarks of Cools, Glinne and De Clercq.

Ernest Glinne: "Let's Quit Being Hostages"

Mr Ernest Glinne, spokesman of the anti-participationist wing of the PS, continues his guerrilla warfare within the socialist movement. For him, saying yes to participation in the government [line dropped]. On the other hand, the activists had no real knowledge of the financial measures that would be taken for 1981.

And Mr Cline disagrees on four counts:

"The one and only question posed today, after 3 months of existence for the Martens III government, and with due consideration for the directions laid down in the 1981 budget, is whether there is good reason to convene in the near future a fresh congress to draw as quickly as possible and before it is too late, the lessons from an experience full of dangers.

"The weight of the right within the government has manifestly made itself felt more heavily than the majority of the Auderghem congressmen had imagined; but the sacrifices imposed in diverse ways on the workers and welfare recipients (reduction of [lines dropped] congressmen of Auderghem believed sincerely that, thanks to social concertation, it would be possible to avoid "regressive measures contrary to the fundamental interests of the workers." [line picked up] social benefits, raising of the ceiling on deductions or establishment of new deductions, significant increase in indirect taxes) are dangerously alienating their sympathy for us, with all the political and social consequences which that may entail."

For Mr Cline, the socialists must quit being hostages of the right and get out of their defensive attitude. And the former minister concludes with these words:

"The workers in the public services are right not to take this sitting down, not to allow themselves to be plundered, and to demand reversal of the baneful decision of 9 August. Reversal of the 2 percent deduction is one of the crucial conditions, to my way of thinking, determining whether or not the socialists will stay on Mr Martens' present team."

W. De Clercq: Everyone Should Meet His Responsibilities

From far away on his trip to Romania, PW (Party of Liberty and Progress) president Willy De Clercq also reacted to the interview of his SP colleague. He is greatly astonished, reports the Belga agency.

The gantois [translation unknown] deputy recalled that the decisions of the government were the object of general consensus, which means they had the approval of the socialist ministers.

"The Flemish liberals," he added, are not 100 percent satisfied with these decisions and lines of activity in the 1981 budget. We particularly believe that the efforts to clean up public finance are inadequate. We will discuss them in the upcoming weeks with the government.

"As to the 2 percent affair, it was decided on [the basis of] a proposal, interestingly enough of the socialist ministers. If the socialists are not ready or able to meet their responsibilities for dealing with the situation which presently confronts our country, they should draw the necessary conclusions. Belgium cannot be governed without them, but Mr Van Miert should know that one cannot make with the socialist ministers one policy within the government and another on the outside."

Andre Cools: "Remember the Rules of Ethics"

President Andre Cools, also back from vacation, confided to LE SOIR that he was refusing to fall into the trap of polemics:

"I refuse to make divisive statements and to engage in a game of verbal escalation. I am waiting to know what position the party bureau will adopt. I am also waiting for Martens to address the organizations affiliated with the joint labor front.

"I do, however, have several things to say. A number of democrats in this country, and among them the leaders of the Walloon inter-regional of the FGTB [General Federation of Labor of Belgium], wanted [line dropped] take cognizance of the letter that Prime Minister Wilfried [line picked up] regionalization. The government achieved it. But the ministers, exhausted, had to draw up the 1981 budget in particularly difficult conditions. Certain labor leaders were at the time on vacation, especially the leaders in the public services. One hopes, therefore, they will not accuse the government of not having found the time to meet with them. But concertation did indeed take place, since the principal ministers met with the national officials of the labor organizations.

"It is essential to keep constantly in mind the most elementary rules of political ethics."

As to the possible convocation of an extraordinary congress of the PS, Mr Cools recalled that the by-laws of his party provide that such sessions must be convoked if three federations demand it. Let us recall that in any event the traditional reassembly congress of the PS should meet at the end of September.

As for Walloon socialist minister Guy Mathot, he believes that the criticisms of Mr Van Miert are unfounded: [sic]

9516

CSO: 3100

NATURAL GAS EXPLORATION PLANNED FOR WALLONIA

Brussels LE SOIR in French 21 Aug 80 p 2

[Article by G.Dt: "A 2-year Search for Natural Gas in Wallonia"]

[Text] This was definitely not a joke, or some April Fool's Day trick, nor some Loch Ness monster awakened by some energy independence-oriented Walloons. Drilling is to start in Porcheresse, near Havelange, to seek natural gas. This Monday, at 0800, the first bulldozer will start clearing the drilling site. Wednesday test drillings will begin.

But let's not get ahead of the story. There is no certainty that any gas is present. It will require at least 2 years and drilling down to 6,000 m to verify that a suspected pocket of gas is there...or not. The cost of the search is estimated at 300 million Belgian francs. If nothing is found, this amount of money will not be totally wasted; the drilling will serve to provide a thorough understanding of Walloon underground geology.

Belgian geological services have been studying the country's underground since 1952, for scientific objectives. More than ten drillings have already been made. Seismic study campaigns have also been conducted, consisting in exploding small explosive charges at ground level, followed by analysis of shock wave intensity and propagation through terrain layers. With such methods, geologists can "perceive" underlying structures without drilling.

This is the way they have discovered a "discontinuity plane" in Porcheresse underground. At 6,000 meter depth, rock formations are dome shaped and may eventually contain (or "trap") some natural gas. It is a very large trap, which could contain some odd billions of cubic meters of natural gas. It is too bad, but seismic methods do not provide information on presence or absence of gas. Drill we must.

The Belgian economy minister has opened a credit of 300 million Belgian francs for geological services; the Belgian firm Foraki has been retained to conduct the drilling operations.

First Objective: A Scientific Study

On Monday morning preliminary work was started up: cutting an access road, installing water supply lines, pouring a concrete pad to support drilling equipment. These work will take a month and a half. With the use of mobile drilling-derrick, some pilot drilling will be done simultaneously down to 400 meters; to ascertain precisely nature of surface layers. With the results in, the drilling head for actual the drilling will be selected.

The exact date when it will known whether Wallonia possesses natural gas or not can not be determined. Work should proceed for approximatively 2 years. But delays are possible. In a similar drilling near Saint-Ghislain, limestone caverns full of warm water at 70°C were encountered at 2,400 meters. This delayed work by 4 months.

In addition, geological services could require certain scientific studies (soil sampling, electrical and magnetic measurements) which could delay work even more.

The region underground is fairly well-known, down to 4,500 meters; but further down it is geological terra incognita.

The objective of the drilling is essentially the acquisition of scientific knowledge; but if natural gas is discovered...so much the better!

Because of technical constraints, there will be drilling around the clock. If the nature of the soil allows, work will be suspended on weekends. Some 40 operators will be required by drilling operations.

First benchmark: 100 meters down! As an old drilling hand explains it, when interviewed by LA LANTERNE's journalist: "When the 1000-meter depth is reached, the drilling rig operator must buy a round of drinks for everybody on team. We always find some good excuse to have a foreman at controls for such occasion. He is the one who has to pay!" As for public, it will have to wait until 1982 to eventually drink to the birth of Wallonia natural gas industry.

9627

CSO: 3100

LAW ENFORCED CONCERNING ASSETS ABROAD

Nicosia O ACOW in Greek 21 Aug 80 p 6

[Text] As has already been announced, the government has decided to give one last chance for conforming with the law on foreign exchange control as concerns violations for capital abroad. As is known, keeping cash, deposits, stocks and other securities abroad is a violation of the existing legislation except if approval has been given by the Central Bank of Cyprus or if certain provisions of the law are satisfied.

For implementing the law and for guiding the public, the Central Bank of Cyprus issued the following supplementary clarifications and instructions:

Cash and bank deposits abroad as well as other amounts in foreign exchange owed to residents of Cyprus must be repatriated by 31 October 1981. Whenever such repatriation cannot meet this deadline, if for instance there exist reasons for keeping the money abroad, the concerned parties must submit an application giving all relevant information by 31 October 1980 at the latest.

Stocks or other securities which were bought in agreement with the provisions of the law of exchange control can be kept in their present form and there is no obligation to sell them. But the titles should be deposited for safekeeping and for the owner's benefit in commercial banks in Cyprus. Such transfer must be completed by 31 October 1980 and their owners must repatriate any income from their sale.

Whenever the deposit of the titles cannot be made within the period mentioned above or if there exist special reasons [for delay], the concerned owners must apply without delay to the Central Bank of Cyprus for approval.

Stocks and other securities obtained in violation of the law can be kept only for the period approved by the Central Bank of Cyprus following an application which must be submitted by 31 October 1980 at the latest.

Real estate legally bought abroad can be kept in its present form and there is no obligation to sell it, but the owners must repatriate any income from sales. Owners of real estate abroad are advised, for their own convenience in future transactions abroad, to declare such income together with any related indebtedness they may have, to the Central Bank of Cyprus by 31 October 1980 at the latest. Property acquired in violation of the law may be kept only for a period approved by the Central Bank of Cyprus following an application which the owner must submit by 31 October 1980 at the latest.

7520
CSO:4908

PAPER UNCES PUBLIC DEBATE OF BROWN LETTERS, SECURITY ISSUE

LD151523 Copenhagen BERLINGSKE TIDENDE in Danish 10 Sep 80 (Part 1) p 8

[Editorial: "The Secret Letters"]

[Text] Defense Minister Poul Soegaard will today brief the members of the Folketing Defense Committee on the content of the correspondence with U.S. defense secretary on Denmark's security policy. The letters themselves will not be shown to the committee. The Foreign Affairs Committee, whose members are required to keep [the proceedings of] their meetings secret, were informed of the full wording Monday (8 September) but for safety's sake the defense minister collected in all copies and took them with him when he left. So great is the trust.

For safety's sake. The question is: which safety. The letters from Defense Secretary Harold Brown concern Denmark's safety. But it cannot be out of a concern for the country's security that the government refuses and limits the publication of the text, for the letters' contents are not classified as military secrets. It cannot be out of respect for a foreign power, for the U.S. Government has no objections to publication. It cannot be because the government views the correspondence as internal, privileged documentation, because then it would not have presented them to the Foreign Affairs Committee, allowed them to be discussed in the Defense Committee or subsequently let them form part of defense negotiations.

It is possible that the government doubts its own political security. It is perhaps even probable that it feels that it would weaken itself and its own position by publishing Harold Brown's critical political arguments. But it ought to free itself of its timidity and rise above its tactical pettiness. The Foreign Affairs Committee's reaction to the American requests shows that we are here dealing with a move of considerable breadth. U.S. defense policy leaders are obviously coming to the view that they will not be physically able to fulfill their aid commitments with regard to Denmark in a crisis situation if the systematic reduction of Danish defense capacity, as contained in the defense plans, becomes reality. This is a very serious prospect and it is not something that

the government should try to keep to itself and hide behind closed doors. It is a problem on which the general public has a right to be fully informed.

Denmark's defenses have their price. We tried to evade the issue during the [economic] crises of the seventies by not meeting the troop-strength targets we had set ourselves. We have boasted of an index-linked defense budget, but it was only wages and oil that were index-linked--materials price rises had no place, so modernization fell behind. Three sketches for a future defense program offer the choice between a cut in present strength of either 30 percent, 20 percent or 10 percent and at the same time a deterioration in the condition and quantities of technical equipment. There is a limit to how few soldiers and how little equipment are needed to maintain the defense of Denmark and the security of the islands and straits. If U.S. defense policy leaders think that we are about to overstep this limit then it is a serious matter for our security, which the government not only must discuss with the U.S. Government but also evaluate openly together with the Danish people.

CSO: 3106

CP'S CHAIRMAN JENSEN COMMENTS ON POLISH EVENTS

LD021409 Copenhagen BERLINGSKE TIDENDE in Danish 31 Aug 80 Pt 1 p 32

[Report by Ritsau Bureau: "Danish Communist Party: Party and Government Admitted Mistakes"]

[Text] Copenhagen, Saturday [30 August]--The outcome of the conflict in Poland shows socialism's strength, Danish Communist Party chairman Joergen Jensen said in a commentary on latest developments.

"Party and government admitted their mistakes and their violations of socialism's basic attitudes to socialist democracy and admitted mistakes in their economic policies. But despite this, even though antisocialist elements worked ceaselessly, the workers did not direct attacks against the socialist social system or those organs created to implement and administrate socialist Poland."

Joergen Jensen thinks it right that the party and government adopted and maintained the attitude that they were willing to discuss differences and solve the problems through democratic decisions, that they wanted to settle differences, that they were willing to live up to the basic principles of socialism concerning democracy in trade unions and the working class' active participation in the decision-making process.

But according to the Danish Communist Party chairman the conflict also revealed how sophisticatedly the opponents of socialism exploit mistakes and deviations from basic socialist principles. And the Catholic Church demonstrated its almost alarming power over minds in Poland.

"It is therefore my view that the end of the conflict in Poland opens the way for new possibilities in the development of socialist democracy, but there must also be an appeal not only to the Polish party and to socialists in Poland, but also to the Danish working class always to be in a position in all situations to differentiate between the real democratic demands the working class may have and the saboteurs who want to use dissatisfaction against the working class' best interests," Joergen Jensen said.

CSO: 3106

INCREASING BONN-WASHINGTON DIFFERENCES OVER LATIN AMERICA SEEN

Hamburg DER SPIEGEL in German 4 Aug 80 pp 19-21

[Article: "The Time of Keeping in Step is Over "]

[Text] SPD deputy Hans-Juergen Wischnewski was on a fire-fighting mission: in Washington he had to pacify the Americans, who are angry about German and particularly the Social Democrats' aid to rebels in Central America. The United States, which considers the subcontinent its own particular sphere of influence, prefers to gamble once more on corrupt military regimes.

The Americans could not have offered a better program to a minister from Bonn; for 5 days SPD deputy Hans-Juergen Wischnewski rushed from meeting to meeting. Anyone of any standing in Washington paid his respects to the chancellor's close advisor: in the vanguard Secretary of State Edmund Muskie, Defense Secretary Harold Brown and Security Advisor Zbigniew Brzezinski.

After the discussions Wischnewski seemed no less satisfied than Egon Bahr, who had visited the United States 3 weeks earlier. Said the SPD deputy: "I am pleasantly touched by the state of our relationships." In truth Ben Wisch's trip to America was a fire-fighting mission.

On the agenda was a topic which has kept the Carter administration in turmoil for months and which, in Wischnewski's words, "was in urgent need of clarification": the Central American policy of the FRG Government in general and of the Social Democrats in particular.

In addition to differences about East-West relationships and policy in the Middle East there are new disagreements between Bonn and Washington. The long-smouldering conflict about policy towards the Third World has not broken out openly because of developments in Central America. Says U.S. Secretary of State Muskie: "The time of keeping in step is over."

Washington had always reacted sensitively to the actions of non-American states and organizations among its poor neighbors in its southern backyard.

which the United States will want to see respected as its own sphere of interest. Recently the Americans have come to distrust the West Germans in particular.

At the beginning of the year the Friedrich Ebert Foundation, which is sympathetic to the SPD, had sent out invitations to a seminar on Nicaragua. The meeting in the capital Managua was intended primarily as a demonstration of solidarity with the ruling Sandinistas in the former Somoza state and, in spite of the participation of the Cubans, there had been no anti-American sentiment. But there was a strong reaction from Washington.

Bob Pastor, Brzezinski's advisor for the region in the U.S. Security Council, was annoyed: "The Friedrich Ebert Foundation is helping Marxists in Latin America to build up organizations that oppose America's friends." To dispel any doubt about who was meant by this criticism Pastor added a rhetorical question: "What are the SPD's intentions?"

A highly placed diplomat in Bonn responded shortly: "The Americans are still making the mistake of assuming that anyone who criticizes them is a communist."

Carter's officials reacted more moderately but no less suspiciously when SPD Deputy Chairman Horst Ehmke flew to Cuba at the end of January and chatted for 5 hours with Fidel Castro. The State Department asked its comrade for an explanation of his visit to Cuba through the German ambassador in Washington, Peter Hermes.

The Social Democrats came under strong suspicion of anti-American activities because of a regional conference held by the Socialist International (SI)-- chairman: Willy Brandt--at the end of March in the Dominican Republic, one that turned out to be full of mishaps. Over the heads of the SI leaders the Latin American comrades published a lengthy statement containing sharp attacks on U.S. policy.

"The way it was run was a catastrophe," commented a Latin American expert of the SPD, "all the more because it has always been difficult for the Americans to distinguish correctly between things like the SI, bilateral party relationships and government policy."

Washington's ambassador in Bonn, Walter Stoessel, immediately called on SPD leader Willy Brandt and asked for information--including the socialists' attitude to El Salvador.

Events in the coffee state, where a bloody civil war is raging, are seen as a test by U.S. Undersecretary for Latin America William Boedler. Since American influence in Nicaragua has sunk to zero after the takeover by the leftist Sandinistas, the Americans want to hold onto the ball at least in El Salvador. With a massive investment of money and material Washington has tried to keep the initially moderate junta on a course of reform and to prevent terrorism from the right and left.

But as so often in the Third World, the Yanks bet on the wrong partner this time as well. The military joined up with the extreme right and drive the moderate forces into the opposition. "Everyone in El Salvador who is to the left of the oligarchy," in the opinion of Wolf Grabendorff from the Foundation for Science and Politics, "is regarded in El Salvador as belonging to the radical left."

Even Hans-Dietrich Genscher's Foreign Ministry has no plans for dealing with the junta. Requests from Deputy Secretary of State Warren Christopher that the FRG government aid the hard pressed regime, if not with weapons at least with money, fell on deaf ears at the Foreign Ministry. A Genscher aide says: "Things have to run their course there first."

Behind this is the realization that German foreign policy can no longer be built on corrupt regimes in the Third World, just because they have a "pro-Western" look.

In contrast to the Americans the Germans are looking to nonaligned governments, even if they are not sympathetic to the West. One Foreign Ministry expert explains: "We will achieve long-term stability at the expense of short-term instability."

The U.S. State Department had finally chosen this course in Nicaragua a good 2 years before the Bonn government adopted it as dogma in their North-South policy: late, but still in time, the Americans had dropped their friend Somoza.

But then the Americans lapsed into their unhappy tradition. Their concern was that if El Salvador fell into the hands of a leftist government, the erosion in Central America's weak republics would be accelerated. So the Americans thought of old recipes--Yankee imperialism just as before. There is already discussion in Washington about whether, after the election, an OAS army of intervention should "pacify" the tin country of El Salvador and save it from revolution. The only deviation from proven patterns: soldiers from Venezuela, Columbia and Panama would carry out the job and not U.S. leathernecks. Civil war in all of Central America would be the consequence.

In addition, the Americans would find themselves in conflict with one group of their European partners: the member parties of the Socialist International supported the opposition in El Salvador, which in the Revolutionary Democratic Front (FRD) extends all the way to the guerillas--not only with words but with massive injections of money.

Other Europeans on the other hand, with the Christian Democrats to the fore, continue to count on the bankrupt junta in San Salvador, likewise with money and good deeds. One Latin American expert in Bonn says: "The CDU and the State Department are working hand in glove there."

Still the Americans politely assured their Social Democratic visitor Wischniewski last week that in principal they had no objection to European involvement in Latin America. The SPD emissary noted happily that even the activity of the Socialist International had been evaluated "by and large positively." Wischniewski: "No one here is saying that we have no business being there."

The firefighter from Bonn reciprocated for the political courtesies with a promise: even if there were "different judgments" between Germans and Americans in individual cases, as in El Salvador, his party did not want to cause the Americans any "difficulties" on the subcontinent.

He would not be called Ben Wisch if he did not complete a job. When the Latin American specialists in the State Department expressed their displeasure that the German embassy in San Salvador has been closed for months --for security reasons--the crisis fighter immediately telephoned Bonn: the Foreign Ministry cabled back that a charge d'affaires would be dispatched again "soon."

9581
CSO: 3103

WEINSTEIN CRITICIZES BELGIUM'S MILITARY WEAKNESS

DMOS1445 Frankfurt FRANKFURTER ALLGEMEINE in German 5 Sep 80 p 11

[Article by Adelbert Weinstein: "Belgium's Military Deterioration"]

[Text] The Belgians will not take part this year in NATO's naval maneuvers; the refusal of army troops has not been followed by the decline on the part of the Belgian navy to take part in supranational maneuvers. The Western fleets want to hold joint operations in the North Atlantic 10-24 September. The aim of the exercise is to safeguard naval connections between America and Europe. The maneuver will take place under the key word "Teamwork 80." It is planned to take place only every 4 years. About 170 NATO war vessels and about 400 planes will be involved. Since "Teamwork 80" is part of the large "Autumn Forge" maneuvers, the absence of the Belgians has become a political affair. Autumn Forge in 1980 must be considered not merely a strategic counterbalance to the maneuvers "Comradeship in Arms 80" of the Warsaw Pact; Afghanistan also calls for a political demonstration of Western unity. Some 12,000 American seamen--the crews of ships stationed in Norfolk (Virginia)--will cruise for 1 1/2 weeks in the Atlantic. Some 6,000 leather necks (Marines) will be transported across the ocean; Canadian, Dutch, Danish, Portuguese, British and German naval units will support the Americans. Only the Belgians will be absent. Their reason: lack of money, one must economize.

Brussels points particularly to high gasoline and oil prices. An exception will be made for just one Belgian ship. The Belgian mine sweeper "Boveense," subordinated to the standing naval force channel, will put to sea with other Atlantic units for locally limited exercises. This action can be considered as some sort of direct coastal protection for Belgium. The Belgian navy will not take part in the large mission of the alliance, the protection of NATO's wet flank.

Allegedly it is just the financial situation which is forcing the country to curtail its military budget considerably. In fact, however, the Belgian Government, because of the domestic political tensions, is unable to take foreign and defense policy actions. The regionalization problem brings influence to bear on every decision; every coalition government sits on

a political powder keg. It can act only negatively. The cuts to be made this year will hit the coming military budget in the same way. Moreover, the government wants to change the way the Atlantic states figure out how financial contributions to the common security are made. Belgium is expected to try to do this at the next Atlantic December session. In other words, Brussels wants to officially abandon the commitment to increase the military budget by a real 3 percent annually. In practice it has already departed considerably from the commitment all NATO states accepted in Washington in 1977. The Belgians have not increased their contribution to NATO defense, they have quietly decreased it a minus 2.4 percent.

This financial strategy has had repercussions on the quality of the armed forces. Admirals and generals complain in public about the deterioration of their military branches. The army is suffering most from the rigorous austerity policy. The navy and the air force are also involved, but according to the number of soldiers and the extent of their equipment they are anyway just stepchildren of security policy. (The Belgian navy numbers less than 5,000 men, the core of the "fleet" consists of four frigates and a dozen mine detectors and mine sweepers, the air force has a personnel of about 20,000 and about 150 planes--mostly antiquated types.)

The army is the only thing that could count in Belgian military policy. But the army stands on weak legs. The army is split into two "groups," in a homeland protection unit stationed in Belgium, and in an action unit mainly stationed in the Federal Republic. Together these comprise 62,000 men. The homeland protection unit is supposed to protect Belgium directly as a territorial unit. It consists of nine "province regiments," two mobile regiments and four watch battalions. These forces are set up in three divisions. But these are not operational units. A Belgian homeland division is an administrative unit. The homeland protection unit is in charge of military academies, training units, the organization of personnel reserves as well as supplies and logistics. One of the three divisions is moreover the personnel reservoir in case of mobilization; in case of a crisis it is supposed to fill up the action unit. The homeland army is being restructured at present. Active soldiers serve in just a few battalions. Most units of the homeland army are reserve units, so that they can be considered as only partly suitable for combat.

The core of the Belgian army are the 27,000 soldiers of the Belgian I corps. That unit is largely an active classical army. The corps is Belgium's rapid deployment unit for NATO. The officers are multilingual and well trained. The noncommissioned officers are professional soldiers with a long service time and great practical experience. The general corps has top-ranking soldiers who have been trained in American and British military academies. They are considered valuable aides by NATO staffs. But even the Belgian I corps is not a uniform unit. The attempt to turn the Belgian army into a professional army had to be given up due to lack of money. So there are next to soldiers who have enlisted for a longer

period of time also volunteers with a 2-year term of service, and conscripts who will stay with the unit for 8 months. A service time of 8 months with a technical army, however, does not suffice for forming a reliable soldier. The Belgian generals know this also. But they had to accept the political decision which brought those conscripts a shorter service time who were prepared in return to accept stationing outside the mother country. (The Belgian conscript must serve 10 months in the homeland protection unit.)

The Belgian I corps consists of two divisions: The 16th division with the 4th armored infantry brigade in Soest, and the 17th tank brigade in Siegen. The 1st division of the corps is stationed in Belgium. In case of war it is supposed to be moved to Germany. The corps would then have to form the Northern army group. That NATO army group has the mission of operating along a line between Liege and Goettingen. The right wing of the Belgians will cover a line between Bonn and Berlin.

It would be difficult for the Belgians to move fully intact to the envisaged areas. The movement of operational units stationed in the rear is a problem even in peacetime. In case of tension, however, the current planning indicates chaos. The troops would have to march through areas of other Atlantic corps. Supply is decentralized. Depots and supplies are located on both sides of the Rhine.

But maybe the organizational difficulties could be overcome. The problem remains for the Belgians, however, that there is a difference in quality between their arms and equipment and that of other Atlantic corps. The neighboring British corps cannot be compared either with a German or American corps when it comes to arms, equipment and personnel strength. The British are short of personnel in almost every unit. Instead of covering the front of their corps with three full divisions, they have just four brigades at hand. Not all of the 570 British tanks have crews. But this year the British army of the Rhine will at least take part in the fall maneuvers with reinforced reserve units. The British air force is one of NATO's best. The Belgians, however, do not even check up on their preparedness for action, and their government refuses to have the I corps take part in supranational exercises--and that in view of the obvious weakness of that unit.

The Belgian I corps has only 334 older leopard tanks. It needs at least twice as many tanks if it hopes to carry out successful defense. The Red army has 700 tanks ready for the corresponding area of a corps, the U.S. army has two full tank divisions with 650 tanks. The Belgian troops have merely 300 armored personnel carriers and 1,300 armored personnel transport vehicles (and not all of them belong to the corps). But the Belgian corps because of its long transport routes ought to be highly mobile and fully mechanized. The Americans and the Russians could use 2,500 armored personnel carriers each if they had to take care of the same mission as the Belgians in an emergency. The Belgian units do not have sufficient

artillery either. The whole Belgian army--the homeland protection unit and the 1 corps together--have 85 medium and heavy guns. In addition, there are 90 howitzers. That is 175 pieces of artillery. Some 1,000 if not 2,000 guns would be needed if one applied American standards. And then the Belgian 1 corps does not have sufficient electronic equipment for modern warfare.

The upshot of it all is that these weaknesses make the area the Belgian corps is supposed to cover in forward defense a danger for the front in central Europe. Every weak spot in one's own front invites attack by the enemy in a war. In times of no war, however, an army that cannot fulfill its NATO mission is politically of little value. That assessment of the military-political situation would permit the conclusion that the Belgian corps ought to be removed from forward defense. As a strategic reserve it would be more meaningful than as an action unit. But the Atlantic middle front is "thin." Its depth is not great either. The removal of a whole corps would create considerable difficulties for the military leadership of NATO. The whole setup from the North Sea to the Alps would have to be reshuffled.

But NATO will not look on inactively for long as the strength of an important partner is deteriorating militarily. The Belgian ally has also become a politically weak link in the alliance. Nobody in the alliance seriously believes that a Belgian Government will agree to the stationing of 48 cruise missiles on its territory. This means that Belgium will hinder the modernization of the Atlantic alliance.

CSO: 3103

FDP SETS STRATEGY, TARGETS FOR CAMPAIGN

Role of Lambdorff, Baum

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 1 Sep 80 p 3

[Report by "C. G.": "FDP: Bows in All Directions--Overture to Election Campaign in Bonn--Attacks against CSU Chairman")]

[Text] Bonn, 31 August--At its overture to the election at Beethovenhalle in Bonn on Sunday [31 August], the FDP was out to present three aspects of its image--the peace policy of Foreign Minister Genscher, the market economy line of Economics Minister Lambdorff and the constitutional-state policy of Minister of the Interior Baum. In the process, Genscher, clearly with an eye to the middle-class voter, once more introduced his economics minister as "the Erhard of the eighties" and, with an eye to the not so middle-class voters, presented the minister of the interior as the guardian of the rights of the individual vis-a-vis the state. The FDP took credit for not being afraid of conflicts with anyone, including the trade unions and big business. It was left to Lambdorff to present the CDU/CSU and particularly candidate for chancellor Strauss as someone who was unscrupulously passing on the left, with the dispute about codetermination in the coal and steel industry being cited as a case in point, while Baum from the other side wanted to "save the country from Strauss." Baum tried to address the left of the FDP electorate by saying that he respected oversensitivity concerning violations of the law and had realized that mistakes in legislation had to be rectified. This, he said, includes abolition of article 88 a, which makes punishable the glorification of violence in publications, as well as incorporation of a basic right to data protection in the constitution.

Genscher, who was introduced by Baum as an attorney for the Third World (and also as one who had strengthened Europe vis-a-vis the U.S. partner in the alliance), defended the efforts by Bonn politicians to meet with East Europeans such as Brezhnev and Giersek. This, he said, also includes the canceled Schmidt-Honecker meeting. "How else are we to contribute to peace?" Genscher asked. He described the international situation as somber. He said that internal stability in the Federal Republic was now all the more

important. He described socialism as the most conservative of all philosophies in that socialism per se was proving unable to listen to reason. Referring to the Hamburg rows, Genscher said that, all the confrontation with Strauss notwithstanding, "we will not let anyone destroy our freedom of assembly." He added: "On our side there is no room for communists."

Lambadorff voiced the claim that "no other party advocates so clearly and uncompromisingly the preservation and expansion of a market economy policy." The FDP, he said, has made it possible for the amendment to the antitrust law to be passed, for the trade license tax to be reduced and for the payroll tax to be abolished. "Abolition of a tax is the best means of tax reform," he pointed out. To conjure up the horror of an absolute SPD majority, Lambadorff pointed to the example of the Rau government in North Rhine-Westphalia, which, following the dropping out of the FDP, was already displaying a rapaciousness for new taxes. Mocking Strauss, Lambadorff said that apart from a new holiday law the "useless minister-president" had hardly accomplished anything in Bavaria. Lambadorff condemned as "opportunistic corner-turning acrobatics" the proposal by the CDU/CSU candidate for chancellor to lower the limit of the coal and steel industry share in the plants from 50 to 30 percent. "If we continue this way," Lambadorff said, "we may as well introduce immediately a sliding coal and steel industry share scale so that in the end even 5 percent is enough to insure coal and industry codetermination wherever it has been reasonable under quite different conditions." Strauss, he said, is proving to be "an extreme right forward sweeping toward the left." He was behaving like a social revolutionary "in order to please Mr. Blum."

Thus the CDU/CSU, with a babel of voices, was presenting a picture of [not concord despite differences but] "simpleness in discord" [play on words in German], with inextricably tangled votes. The FDP would not allow the 1976 codetermination law to be diluted through coal and steel industry provisions "which prevent workers from sending their own representatives to the boards," Lambadorff said. The SPD group proposal concerning coal and steel industry legislation is a monstrosity, he pointed out, and the Mannesmann management in its talks with the unions should not forget that "the Bundestag is not the willing tool of any enterprises, however large." Lambadorff criticized "socialist experiments in the Research Ministry, saying that orders by civil servants did not help investments. There must be no government intervention except in individual cases, he stated. "The state must insure private initiative."

Baum, while calling Schmidt a good federal chancellor, said, "We do not want an absolute SPD majority under any circumstances." He described the FDP as a party of the environment. The Greens, he said, are finding themselves in a deadend, and the FDP is taking over the arguments for protection of the environment. In this connection Baum sought to depict the FDP as also being ready to confront the SPD, such as in the noise pollution law. As for the CDU/CSU, Baum charged that it was using every opportunity to put the security organs in a bad light and to engage in election campaign politics at the expense of internal security. In this connection he

referred to the wish of the CDU/CSU for a special Bundestag session in the event that the Internal Affairs Committee was not being recalled from vacation in order to investigate reports about a flop in pursuing the presumed terrorists Klar and Schultz in Hamburg.

Position of Young Democrats

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 5 Sep 80 p 4

[Report by "my": "Why Always Only Lambdorff? the Young Democrats Ask"]

[Text] Bonn, 4 September--Despite considerable criticism against the "mother party," the Young Democrats--the FDP youth association organizationally independent from the Free Democrats, intend to "try to recruit voters for the FDP," according to a statement by their chairman, Straesser, just made in Bonn. This has, however, become much more difficult, he pointed out, since the FDP after its party congress in Freiburg in June apparently has been putting into effect a "change in substance and spirit." By this, Straesser means that in the attempt by the FDP to draw voters away from the CDU/CSU the progressive liberal philosophy is falling by the wayside. "So far we constantly have been hearing only from Lambdorff," Straesser says. Consequently the Young Democrats, who intend to concentrate their election campaign efforts on young voters, see themselves, as Straesser puts it, primarily as a "counterweight" against the FDP minister of economics and the line he represents. The Young Democrats, in contrast with the view of the party leadership, also intend to advocate a definite regulation of codetermination in the coal and steel industry.

The Young Democrats do not, however, consider their election campaign concept to be in conflict with the FDP. They are talking of divisions of labor. Mentioning the "correct Freiburg stands," they would like to move into the areas which they say are being vacated by the party. In doing so, they are intent primarily on supporting the positions of minorities--which too is something anchored in the Freiburg election platform. They are united with their "mother party" in their stated main aim of preventing Strauss from becoming chancellor.

The Young Democrats would like to proceed in a "decentralized" way. As an overture to their "hot" election campaign phase, they have organized the "1980 Liberal Show" at Bonn-Oberkassel for the coming weekend, which actually is a big central congress. The young people are to sleep in tents and to debate radical-liberal politics in various forums. Minister of the Interior Baum is said to have definitely agreed to make an appearance, and reportedly there is confident hope that FDP Secretary General Verheugen will show up. The program includes, among other things, an "international solidarity meeting" with speakers of the Chilean Unidad Popular, the PLO and the southern African liberation movement SWAPO. In addition, there is to be a debate in a forum with representatives of the Soviet and U.S. embassies in Bonn.

The FDP is not wholly pleased with the Young Democrats' election campaign assistance. On the other hand, the Young Democrats charge that the party apparently intends to dispense completely with the vote of certain groups of voters, particularly including young people. Recently the relations between the youth association and the FDP have generally worsened. Nevertheless, the executive of the Young Democrats reports, a recent talk with FDP Chairman Genscher has resulted in prospects of also continuing working together after the election. The strengthening groupings of "Young Liberals" are not being regarded by the Young Democrats as dangerous competitors.

8790

CSO: 3103

BRIEFS

DEVELOPMENTS IN POLAND WELCOMED--Jorma Henttila, secretary general of the Finnish People's Democratic League (SKDL), discussed the recent events in Poland when speaking in Asikkala today. In Henttila's view, the Poles and Polish society showed their strength and maturity by being able to settle a profound social crisis by peaceful means. Henttila believes that the recent weeks will leave a far-reaching and indelible mark in Polish life and will also be reflected in the development of the socialist society in a more general sense. According to Henttila, the social reforms now agreed in Poland will lead developments toward a socialist society in accordance with the BIRG idea of what it should be like. Henttila also expressed the view that the events in Poland must also arouse self-criticism in the Finnish trade union movement, as in Finland the contacts between the workers and the trade union movement do not always function properly. [Text] [LD312246 Helsinki Domestic Service in Finnish 1530 GMT 31 Aug 80]

RESCUE COOPERATION AGREEMENT SIGNED--Finnish and Soviet civil aeronautics officials on Monday signed an agreement on cooperation in search and rescue operations in joint border areas. The agreement which was signed in Helsinki is an extension of arrangements for rescue operations in the Baltic Sea, which was formalized 2 years ago. The new agreement on cooperation covers the directing of search and rescue operations, the providing of aid to aircraft in distress, communications during search and rescue as well as matters related to rescue drills. The agreement comes into force at the beginning of November. [Text] [LD161144 Helsinki Domestic Service in Finnish 0930 GMT 16 Sep 80]

CSO: 3107

PCF CHANGES STAND, REVERSES POLICY IN FACE OF POLISH STRIKE DEVELOPMENTS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 4 Sep 80 p 3

[Article by Karl Jetter: "Poland and the French Communists' Sudden Change in Attitude--Marchais Declares Overnight He Is Happy"]

[Text] Paris, 3 September--Until a couple of days ago there were still two kinds of public opinion in France. Whether it was Afghanistan or Poland, major events in the communist world were viewed, treated and portrayed completely differently by the communist press and the rest of the press. Now something of a miracle seems to have occurred overnight. Since Georges Marchais, the leader of the Communist Party, returned from his summer vacation in Bulgaria, assessment of the Polish events has been quite unanimous in France. Summing up the judgment of the French communists, Marchais now says: "The agreement is a positive one. I am happy that the social conflict which Poland has been going through has led to this happy conclusion."

Like the bourgeois press, he even goes a few steps further, saying that the new questions are not limited to Poland but are also being posed in other socialist countries. Some of these, in fact, had already tried to develop interesting answers. They were making economic social, social and democratic changes that were proving effective! And, addressing Moscow, Marchais says something which amounts to strong support for the Polish government and which he is bound to be reminded of in the future: "I wish from the bottom of my heart for the Polish leaders, for the United Workers Party as a whole that they proceed resolutely on the way of reform in order that the Polish people with its creative work may achieve new rapid progress on the part of socialist Poland." The French foreign minister, the followers of the conservatives or the Polish dissidents could not put it much better.

Wholly on the side of the Polish government "in the fight against antisocialist elements," the Communist Party paper L'HUMANITE previously had failed to publish the 21 demands of the Gdansk dockworkers. No less intentionally, it now fails to describe Moscow's attitude toward the events in Poland, exactly as if the Kremlin did not exist at present.

The positive attitude of the French communists toward the Russian invasion of Afghanistan had been "transmitted" to the party by Marchais on television in a direct broadcast from Moscow. The events in Poland, Marchais has now witnessed in Bulgaria, surrounded by a satellite communism which is probably more conducive to making Poland's problems comprehensible than are possible visits to the Kremlin. Not that this means that if he had again been in Moscow Marchais would have adopted a quite different attitude toward Warsaw. After all he too must take his voters into account, and these happen to be French and think and act like French, who from time immemorial have been allergic to powers of occupation and foreign imperialism. Communist readers at least were able to learn from sources other than the communist L'ORDREMANTE for what the Polish workers, as a minimum, risked imprisonment. It was the right to strike and to have free trade unions--things that became reality in France a very long time ago.

While the French communists kept the events in Gdansk secret, suppressed them or embellished them long enough, the socialist-oriented CFDT trade union confederation from the beginning declared its solidarity with the striking Polish workers, in word and deed--by collecting money for them. In response to penetrating questions from the socialist corner as to whom they actually supported--the fighting workers or the totalitarian communist party dictatorship--the party communists gave quite ambiguous answers. Like the leading party people, the top man of the communist trade union league CGT, Georges Seguy, was in favor of both or, more accurately, "for all those who are building socialism." But he warned against antisocialist elements, against what people call "free trade unions," against the possibility of "introducing instruments of war against socialism in the socialist countries, founding political opposition parties via the trade union detour."

All Along for the Workers and the Regime!

What Moscow to this day has disliked about the Polish events was also, until early September, to the distaste of the PCF and the CGT. Why now this change? The previous attitude of the communists was too obviously in conflict with the PCF promise that even after formation of a government of the left in France there would remain an "alternance du pouvoir"--the possibility for the voters to vote the communists and socialists out of power again. Moreover the party in Paris has ample information to the effect that the workers of the Eastern bloc are not wholly delighted with socialism. Marchais stated that the balance of socialism everywhere was "globally positive" and in addition claimed that "there is a great deal of freedom in Moscow." The party's number 2, Fitermann, gave assurances that socialism was a paradise for workers. But now the workers in the Polish paradise have risen to a man--for a strike with demands of major political significance.

A difficult situation for the communists in France, which was mastered with a breakthrough forward--with the thesis that in socialism "more than ever social progress, economic productivity and progress of socialist

democracy must combine intimately" (Mortchais in L'ESPRESSO of 2 September 1980). What the workers and intellectuals, originally disparaged as anti-socialist elements, demanded from the party regime has become overnight fertile suggestion for modernization, increase in productivity, humanization of socialist regimes. The PCP had waited long enough to see whether the antisocialist forces would now disappear in prison or in fact would prevail. They prevailed. This Georges Mortchais now describes as follows: "Life elucidates the outstanding role of the working class in socialist society."

Of course the striking workers did not achieve a victory, and of course the communist regime in Warsaw did not suffer a defeat. And had not the PCP from the beginning been for both, since both were building socialism? Now spokesmen of the Polish government have come to Paris to prove this at a press conference of the communist CGT. When a correspondent asked to what extent actually the antisocialist forces had brought about the agreement with the government, the answer was unequivocal: not at all. The workers on strike, shortly before the negotiations were concluded, had dissociated themselves from antisocialist advisers and chased them away. Basically the agreements did not contain anything that had not already been provided for in the Polish constitution or in Polish laws. The Warsaw government's legal expert quotes verbatim the articles about freedom of the press concerning this. Adam Lopatka confirms that strikes had not been prohibited by law either, that there has been no legal way to proceed against strikers. The constitution explicitly guarantees freedom of opinion and freedom of religion. "Nothing that might be illegal happened in Poland; the only thing new is that the right to strike has been regulated by law, that the necessary censorship will be limited concretely to five areas."

In other words, nothing is antisocialist, and nothing runs counter to socialism. "The founding of independent trade unions in no way means the founding of opposition parties. The leading role of the communist party is explicitly acknowledged. There was no demand which in any way was directed against the Soviet Union. There is no point which could harm the Soviet Union or other socialist countries." When asked why Moscow nevertheless is adopting a negative attitude and continues to keep the details of the agreement a secret from Soviet citizens, the Poles reply: "We can only confirm what you say about Moscow's attitude."

The spokesman of the official Polish trade unions does not think that competition with independent unions is an unfortunate thing. It will rather cause us to see more intensively to the concerns of our members," he says. He adds: "We have made mistakes which should not be repeated." In conversation, the Poles do not deny that there is and will be a political opposition. But in their opinion official Poland with its reform is on the way to taking the wind out of its sails.

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C80: 3103

COUNTRY SECTION

FRANCE

BRIEFS

ARMY CHIEF OF STAFF--Lt Gen Jean Delaunay, a tank specialist, has been appointed army chief of staff. He replaces Gen Jean Lagarde. [Text] [LD040102 Paris Domestic Service in French 1300 GMT 1 Sep 80]

CSO: 3100

PRIME MINISTER SPEAKS ON EEC ACCESSION

Athens 1 VIAJINI in Greek 7 Aug 80 p 15

[Text] The main topic in yesterday's meeting of the Ministerial Council under the chairmanship of Premier Kallias was the speeding up of the country's preparation for its accession to EEC. The premier stressed all those sectors where the procedures must be sped up "in order for us to be properly prepared."

"Our relations with EEC are entering a more direct phase as the date of 1 January is approaching," said the premier during the Ministerial Council which met at 1900 hours. "As of September," he said, "we shall participate as observers in all EEC committees and as of October in the Councils of the Common Market Ministers--in the bodies, that is, which formulate the EEC policy. However, for our presence in the basic and other community organs to be positive, it is assumed that we must be properly prepared."

"The problem we face is that we are joining an organization which has been functioning for a long time and therefore the time limits for our adjustment are pressing. For this reason our preparation should be accelerated if we want to make sure that our views will influence the community decisions which have and will have direct impact on our country's interests."

"For us to cope with this need, it is necessary that we organize as soon as possible all those services in the various ministries which will handle in all their aspects the matters under their responsibility and will support our country's interests in the various bodies of the community. In each ministry, the sensitive positions in services which will cooperate with the community should be filled by the best employees in the existing personnel and the possibilities Law 992/1979 provides for selecting the proper professional personnel to fill vacant positions or for its hiring under private law work contracts should be utilized on time."

Protection of Our Interests

"In general, our activities, our orientation and our future policy must be influenced by the fact that soon we will become the tenth EEC member as well as by the fact that we cannot ignore the community regime which we

have already accepted. Therefore, it is necessary for us to adjust our political strategy and our tactics to the new reality and the realization of our objectives should be pursued within the community framework. Practices which are counter to the EEC regulations are not permissible because any violation of the fundamental principles of the treaties would lead to the European Communities Committee or to the Council of Ministers or even to the European Court with the result of creating a climate of distrust at our expense, a climate which without fail will harm our national interests.

"These same conditions, however, provide every possibility to use the procedures and mechanisms they provide so that we will be able to protect our interests not only when they are in opposition to the remaining partners but also in opposition to third countries to which EEC has extended privileged treatment."

Preparation by Sector

Pointing out the need to speed up the organisation of the administrative infrastructure and its staffing with the proper personnel for implementing the community regime, the premier referred to the most important sectors beginning with the agricultural.

"Since the discharge of the common agricultural policy entails immense fiscal management and financial dealings with the community budget, it is necessary to complete as soon as possible the organisation of those of our mechanisms which will implement the common agricultural policy.

"The cooperative organisation of the producers must be systematized both in order to be able to perform their duties they will assume within the common agricultural policy and in order to utilise to their advantage the possibilities offered by our accession to the Common Market.

"In the industrial sector it is necessary to study urgently the measures which will establish fertiliser industries while the national refinery where today exists a marketing monopoly will be gradually eliminated in conjunction with the liberalisation of imports.

"It is also necessary to study a plan for aid to the small to medium-sized processing enterprises so that they will be able to withstand the community competition as well as to be able to develop further.

"In the legislative sector it is necessary to complete the adjustment of the domestic to the community legislation.

"Finally, all ministries and especially the productive ones must give absolute priority, in cooperation with the services for regional development and public investments, to the preparation of those investment programs which may receive free assistance by the regional or other community funds.

For exploiting the possibilities of getting assistance from these funds it is necessary to exert special and systematic effort and absolute priority.

"Also, the positive fiscal result from our participation in the community budget will depend to a great extent on this ability of ours."

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C80:4908

FUNDS APPROPRIATED FOR OIL EXPLORATION

Athens TO VINA in Greek 13 Aug 60 p 2

[Text] The Public Petroleum Corporation [DEP] will spend about 17 billion drachmas for the exploration of only 10 percent of the areas which may have oil deposits.

With regard to the subject of oil exploration a conference took place yesterday in the political office under the chairmanship of Premier Kallis and with the participation of Coordination Minister Giannis Routsos and Industry Minister S. Manos. Following the conference which decided to assign exploration projects to foreign companies also, an announcement was made, the full text of which is as follows:

"The solution of the country's problem is tied to the discovery of oil. Thus, the need for the discovery of oil is urgent. In other words, the implementation of exploration programs must be completed in the next decade. It has been established, on the other hand, that DEP today does not have either sufficient funds or the technological possibilities which will allow it to explore sea areas of great depth.

"To make possible the exploration of areas with probable oil deposits, at least 50 years will be needed and an amount of 160 billion drachmas will be spent to make possible the exploration of the areas with possible oil deposits. In view of the above it was decided:

"To increase the DEP annual budget and for the next 2 years to have it equal to 2 percent of the annually imported crude oil. The DEP budget for oil exploration will thus be doubled and will reach the maximum amount it can spend with the present available special technical personnel the country has. In the 5-year period DEP will receive about 17 billion in standard drachmas at present oil prices, an amount which will allow it to explore the 10 percent of the country's areas with possible oil deposits. The areas DEP selected for exploration are:

"1. Northwestern Peloponnisos and Patraikos Gulf where ground drillings are now being carried out at Katakolon. 2. The Salonica-Katerini plain

where drillings are being made. 3. The Strimon Valley where drillings are also taking place. 4. The Zakharo and Kyparissiakos Gulf. 5. The Zakynthos and Lefallinia. 6. The Western Ipeiros. 7. The Northern and Western Kerkyra. 8. The area from Grevena to Meteora. 9. The Aevros River Delta.

"All are land areas except the Ipeiros and Peloponnises coastal areas where DNP will start in 1961 drillings by a leased ship for which credits of 4.5 billion drachmas have been approved for 1961 and 1962.

"Since, however, the percentage of 10 percent of the areas with possible oil deposits which can be explored in the next 5 years is very small and since the object of the policy for oil exploration of the subsoil is to gain within a decade complete knowledge of the possible oil deposits in our country, it was decided to multiply the exploration efforts and to invite bids from foreign companies for participation in this effort always within the framework of the existing legislation for the exploration of hydrocarbons.

"Great Britain, too, faced similar problems in its oil explorations it carried out in the Northern Sea. In order to accelerate the rate of the explorations it also used foreign companies besides the English companies. The result was phenomenal. After 10 years it was possible to explore two thirds of these areas and to assure an oil supply for many years.

"Energy has become the number one problem for almost all the western countries. With the measures thus far taken we exhaust the domestic possibilities and we define the framework of a more systematic and broader oil exploration.

"As of today DNP enters the second phase of its activities during which it can again contribute decisively in solving the country's energy problem. We should not forget Prinos. If all goes well Prinos will cover as of next year 7 percent of the needs in oil. An increase by 10 percent in the oil price will more than cover the benefits to be derived from Prinos. It is necessary, therefore, to start a systematic and immediate exploration of the areas with possible deposits. To meet this need the government has decided to follow the methods through which the advanced European countries coped with similar problems successfully.

"It is thus hoped that the cost for the search of hydrocarbons will be fivefold. This exploration will be conducted under DNP supervision and with the participation of Greek technicians who will thus gain the necessary know-how in oil exploration and especially in coastal areas, for which the country does not have a worthwhile potential.

"In cases where the existence of hydrocarbons has been established measures will be taken for DNP to participate in the exploration of the deposits. The first areas for which bids will be asked from specialized oil companies

are: 1) Paxos and Antipaxos, 2) Northern Lavkas area, 3) western Isteria
Ellas, 4) Southwestern Peloponnisos, 5) Messara Valley and Iyvikon Sea, and
6) Nastos River Delta."

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CSO:4908

SOLAR ENERGY EXPLORATION STATUS REPORTED

Athens 1 KATHIMERINI in Greek 15 May 80 p 1

[Text] The research and development plans in the sector of solar energy are moving forward. The objective of these plans is to gain technological experience and to accustom the Greek people to the use of solar energy.

Reviewing the progress of the solar energy plans, Ministry of Coordination Secretary General Str. Stratigis gave an overall picture of the following projects:

1. Solar village no. 1. Frangokastelo of Crete. Expenditure of 9.5 million drachmas (240,000 dollars) during the first phase of the study, of which 7,000,000 (183,000 dollars) come from the U.S. Department of Energy.
2. Solar village no. 2. workers' homes in Agios Nikolaos; 720,000 drachmas for the study by two research firms of a solar system for heating and hot water for two complexes in this housing development.
3. Solar village no. 3. Workers' homes in Lykourisi of Attiki. Expenditure during the first phase of the project, 1.3 million drachmas, and during the second phase with Greek participation, 14 million drachmas, German participation, 3.7 million Deutsch marks of which 1.1 million D.M. will be paid to a Greek research team. Significant German participation is expected in the construction costs to meet the added expenditures called for by the model character of the project.
4. Community development with solar systems. An international program for energy saving systems on a community level including also solar energy and idle systems. Greek participation, 70,000 dollars (18 drachmas). International participation (U.S., West Germany, Italy), 170,000 dollars.
5. Swimming pool heating (in Agios Nikolaos of Crete, Pyrgos, Ilisia of Athens, Larisa, Ianthi). Agent: General Secretariat of Athletics. Total cost: 62 million drachmas. A proposal has been submitted to EEC for partial financing. It is estimated that over 800,000 liters of oil will be saved annually.

6. Children's Village at Vari of Attiki. Agent: Scientific Research and Technology Service YEST. Cost: 500,000 drachmas for the study of solar systems.

7. Construction and operation of new systems of greenhouses including the use of solar energy for their heating. Agent: Agricultural Extension Service and Supreme Agricultural School of Athens. Total cost, 47.5 million drachmas of which 9.5 million are covered by the Research and Technology Program, YEST, YPET [expansion unknown] and the remainder will be the agent's resources.

8. Study for the adaptation of new cultivations in the area of Frangokastello of Khandia in conjunction with prevailing climate conditions. This program provided also for the partial heating of greenhouses with solar energy. Agent: Sub-Tropic Plants and Olive Tree Institute. Total cost: 38.44 million drachmas of which 14.82 will be paid by YEST within the EPET (expansion unknown) framework and the remainder by the agent's budget.

9. Drying fruits with solar energy. Program of bilateral cooperation between YEST and the German Ministry of Research and Technology. Agent: Agricultural Research and Technology. Agent: Agricultural Research Center for Crete and the Islands. Cost: The budget is being prepared jointly with German experts.

10. Participation in the program of the International Energy Organisation for the construction in Almeria, Spain, of two solar stations for the production of electrical energy having a capacity of 500 Kw each. One station will use the system of the central tower and the other the parabolic mirrors and the linear focus. Agent: National Energy Council [ESE]. Cost: 2 million D.M. in 4 years (1979-1982).

11. Construction of a 10-Kw solar station with plane mirrors. Agent: Dimokritos within the framework of the bilateral agreement between the German Ministry of Research and Technology and YEST. Cost: Greek participation: 4-5 million drachmas. The German side will provide a substantial part of the [solar] collector's field and the special turbo-generator of small temperatures for the production of electricity.

12. Electric lighting station of 50 Kw with an experimental station of 2 Kw in Kythnos. Agent: Joint program with the participation of the Public Power Corporation, Hellenic Industrial Development Bank, YEST and ESE in cooperation with the French COMES. Cost: a total of about 5 million French francs. Greek participation, 30 percent in drachmas. COMES participation 20 percent, and the REC research resources 50 percent. A relevant proposal has been submitted to EEC.

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C30:4908

CHAMBER OF DEPUTIES APPROVES CORINTH CANAL LEGISLATION

Athens 1 VRADINI in Greek 9 Aug 80 p 3

[Text] The Necess Standing Committee of the Chamber of Deputies voted in its entirety the draft law establishing a corporation for the exploitation of the Corinth Canal. The draft law was introduced by majority deputy Ev. Anerousis (New Democracy Party) who said that its approval was urgent since the deadline for extending the right to operate the canal will expire on 18 August.

Minister Papanigopoulos

Speaking on the new law, Deputy Finance Minister Kon. Papanigopoulos pointed out that it puts the canal's exploitation on a new basis and because of the canal's great importance it assures its normal and continuous operation. He added that:

1. A new Legal Entity of Private Law is being established. It will function on behalf of the public interest according to the regulations of private economy and the (provisions of) law 2190/20 on corporations.
2. The company's objective will first be the maintenance and normal operation of the canal and then its exploitation.
3. The company will originally belong wholly to the state but it will be possible to sell a maximum of 40 percent of the shares to legal entities of company form with the state holding the majority (of the shares).
4. Representatives of the area's Organizations of Local Self-Government will participate in the administrative council of the company. Moreover, these organizations will share the company's profits.
5. The entire personnel of the existing company will be transferred to the new agency with full guarantees.
6. The new company will start running the canal as of 1 November 1980.

The benefits to be derived by this arrangement are many: After about one century the canal is being returned to its proper owner--the state. The state income as well as that of the Organizations of Local Self-Government will increase and more importantly, the normal operation of the canal which is an international transportation junction will be assured. The canal's exploitation will be controlled by the state, the personnel will be fully protected and the majority of the shares will always be held by the state.

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CSO:4908

LEGISLATION TO STRENGTHEN INVESTMENTS COMPLETED

Athens I KATHIMERINI in Greek 19 Aug 80 p 7

Text The government has completed a bill designed to encourage productive investments in economic and regional development. The bill which will be introduced shortly to the Chamber of Deputies provides for the following incentives:

1. Subsidies, i.e., a government grant to cover in part the cost of a productive investment;
2. Subsidies of interest payments, i.e., government payments on part of the interest costs on loans or credits contracted with banks or other financing institutions or on bonds issued for public subscription;
3. Tax-free deductions, i.e., retention from the net profits of an enterprise of a sum equal to the amount of the investment, and placement of this amount in a special reserve account of the corporation;
4. Additional depreciation, i.e., above the normal depreciation allowances.

Eligible for consideration under the provisions of this bill are investments by:

- a. Manufacturing enterprises (industrial and handicraft), refrigeration enterprises, enterprises for the selection and packaging of fruits and vegetables, as well as high technology hothouse enterprises;
- b. Mining enterprises which include under the present law enterprises for mining private lignite mines, quarries, marble quarries, and mining of industrial ores;
- c. Enterprises for applied industrial or mining research as well as enterprises dealing with the study of new energy sources and energy-saving systems;
- d. Enterprises selling energy to third parties in the form of hot water, steam or gas, provided that such energy is produced by using sources other than oil;

e. Hotel enterprises of any functional category;

f. Daughter companies of public enterprises and agencies of the Greek Bank for Industrial Development (ETHA), and the Greek Industrial and Mining Investments Company as well as of government municipal or communal enterprises, provided such enterprises fall in any of the categories cited in the preceding paragraph with the exception of telecommunication enterprises and enterprises producing and marketing electric energy and gas.

An investment eligible for support is the construction or purchase of new buildings, storage or refrigeration structures or the development of other installations, as well as the purchase of new machinery and equipment for production and research and of transport and other capital goods serving the enterprise. The purchase of passenger cars up to six-seaters, furniture, or building lots are not considered productive investments.

Subsidizing Investments

In the case of productive investment in Zone B, the basic subsidy may go as high as 20 percent of the cost for low-support activities, up to 25 percent for middle-support activities and as high as 30 percent of the cost for high-support activities.

In the case of a productive investment in Zone C, the basic subsidy may go as high as 40 percent for low-support activities, 45 percent for middle-support and up to 50 percent for high-support activities.

In the case of a productive investment by mining enterprises in Zones B or C, the subsidy may be as high as 40 percent of the cost.

The subsidy because of the zone may reach 20 percent of the investment cost if such investment takes place in any of the ETHA industrial zones or in zones which are under special programs of regional development.

In the case of hotel enterprises, the subsidy may reach 20 percent of the investment cost in Zone B and 35 percent in Zone C.

In the case of traditional structures, the subsidy may reach up to 50 percent of the cost of the construction or change of the structures for tourist business, regardless of whether the structure is in Zone A, B or C.

Special Investment

1. Eligible for support under the bill are enterprises making investments in any zone designed to protect the environment, to achieve considerable savings in electricity or other sources of energy, to promote technological development with the establishment of new or the extension of existing laboratories for applied industrial or mining research.

2. Subsidies are given to hotel enterprises which make investments designed to replace conventional systems of energy for heating, air-conditioning and water heating with systems using solar, wind or geothermal energy.

3. In all the above cases, the subsidy may reach 40 percent of the investment cost regardless of the zone in which the enterprise is located.

Finally, enterprises moving from Zone A or B to Zone C are given a transfer subsidy provided that the new installation is at least 60 kilometers away.

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SALONICA CONSTRUCTION CRISIS REPORTED

Athens TO VIMA in Greek 13 Aug 80 p 2

[Article by Correspondent Kh. Zafeiris]

[Text] Salonica, 12 August. A substantial drop in construction activities is being noted recently in Salonica while the impact on thousands of working people employed by the construction sector is characterized by the technical agents as dramatic following the halting of construction projects after the 1978 earthquakes. The Municipal Council will discuss the construction crisis that hit Salonica and its strong impact in recent months at its next meeting and will take a position on this acute problem.

The crisis has hit almost all branches of the people working in construction and most of the city's engineers. Before the earthquakes the city had 35,000 construction workers. Following the halting of construction projects their number dropped to 15,000 and it is estimated that today their number has decreased still further. Many construction workers changed jobs or became self-employed while a large percentage was absorbed by the rebuilding projects in the zones of Pieria, Thessaloniki, Gerai and Kozani where, however, employment is periodic.

The Central Macedonia Branch of the Technical Chamber of Greece and the Salonica societies of architects and engineers have stressed the gravity of the situation particularly in the Thessaloniki Zone. In a joint announcement it is stressed that the housing problem and the construction crisis fall within the general economic crisis and that the specific government measures make them more acute. They also point out that it is time to adopt another housing policy which should be based on different social criteria than the ones presently followed by the government.

Panagiotis Mamalis, president of the Salonica Society of Engineers, said to TO VIMA that the "measures the government adopted for the construction sector proved to be decisions that aimed at interrupting the construction activity which indirectly suffers the consequences of the economic crisis that the country undergoes." The recent government changes such as the immediate abolition of the "where did you get it" [money] for the purchase

of real estate, the tax on real estate and the tax exemption on the sale of the first house are a step for invigorating the construction activity. But additional drastic measures are needed to achieve the objective. Some of them are:

- a. The instituting of incentives for the purchase of real estate with foreign exchange.
- b. The granting of more accommodations (loans, etc.) to the popular strata throughout Greece for house purchasing and not only to the new developing areas under uncertain criteria.
- c. The law on garages should be amended so that the unacceptable burdening on small buildings, additions, etc., can be eliminated.
- d. The price of the construction materials should be controlled and there should be rent control as well as control on the profits of contractors.
- e. No projects of large scale should be undertaken on an exchange basis. Instead they should be financed by the public investments programs.

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LAW CLAUSE ON PRETRIAL IMPRISONMENT AMENDED

Athens ELEVENTHNOTIPIA in Greek 14 Aug 80 p 14

[Text] The term "pre-trial confinement" is abolished and replaced by the term "temporary detention" because "pre-trial confinement" seems to imply that there will be conviction and imprisonment while it is only a temporary retention of a person considered innocent until proven guilty when such detention is required for preventive reasons under specific conditions.

The above is contained in a bill on "the amendment of the pre-trial confinement clauses of the Penal Procedure Code," which was sent to the Ministry of Justice, the Governmental Committee and General Accounting Office for review. Under this bill "temporary detention" will be an exceptional measure imposed only when absolutely necessary. In other words, the temporary detention will not be obligatory but always discretionary both in the case of felonies or misdemeanors. The bill also provides that the "temporary detention" may be imposed to protect public order, or when there is danger of impeding the investigation, or committing other crimes or the escape of the accused. In place of temporary detention which will be regarded as an exceptional measure, it will be possible to impose "restrictive measures" such as bail, periodic reporting to the investigator or other authorities, orders not to leave town, etc.

If during the temporary detention the investigator or the public prosecutor decide that the reasons of the detention or the restrictive measures no longer apply, the appropriate council will have the authority to cancel those measures or to change them on the side of greater leniency, while in the event those terms are violated by the accused, the council will have the authority to change them into temporary detention.

The clause authorizing the public prosecutor to prohibit a person under criminal prosecution from leaving the country is abolished because this measure is no longer in effect.

It must be noted that the new approach to the issue of temporary detention under the bill is extremely progressive and in accordance with a related decision of the Council of Europe and has been the result of a long study by a special committee of experts.

PRODUCERS PROTEST GOVERNMENT CURRANT PRICES

Athens TA NEA in Greek 8 Aug 80 p 7

[Article by Giannis Vouldis]

[Text] The government announcement setting the price for currants at 68 drachmas per kilogram has greatly upset the producers who are already planning protest demonstrations and other aggressive activities. They are asking for a price of 78 to 80 drachmas per kilogram and for assurances for decent lives for themselves and their families in order to continue cultivating their fields.

From Kalamata to Korinthia and from Zakynthos to Kefalinia the people in rural areas and particularly those whose income depends on currant production are ready to swing into action. As was pointed out at many gatherings in the area, the government price not only does not allow for profit margins but it does not even cover the costs. The currant producers are in debt and they face the dilemma whether to continue cultivating their land or to abandon it and go seek a better life in the cities.

At a large gathering held last Sunday in Kounina of Aigion, it was pointed out that the farmers are asking for a readjustment of the price to 78-80 drachmas per kilogram and that they want to be represented in the committees deciding the product's price; that there should be a complete auditing of the accounts for last year's currant production which was bought by the Autonomous Currant Organization [AOS]; and that they will strive to introduce their product to the markets of the socialist and nonaligned countries. The speakers at the gathering were Giannis Skoundos, president of the Pan-Aigialeia Cooperatives Union, and Giorgos Frangakis, president of the Aigialeia Farmers Societies.

A large gathering took place also last week in Lousika of Patrai with Akhaia Farmers Union President Kollias as the main speaker. The gathering adopted a resolution which points out that the fertilizer prices increased by 200 percent and that the interest rates doubled and the fuel prices more than doubled while the herbicide prices increased by 80 percent. The

resolution states also that a sound government policy could make the currant more beneficial to the national economy and to the currant growers. The speakers spoke also about the government plan to abolish AOS and against the organization which aims at benefiting the currant exporters only. Finally, the farmers pointed out that if their demands are not met they will organize a Panpeloponnisian demonstration in Patrai.

It should also be mentioned that there was disagreement among the AOS council members with regard to the currant prices, six of whom voted for a price of 65 drachmas per kilo while the rest asked for a price exceeding 75 drachmas. Finally, the decision taken recommends a price of 65 drachmas since the vote of the OSA administrative council president prevailed.

Meetings protesting the price of currants were also held in Itea, Vartholomio and Zakynthos. The currant producers are upset and in their meetings, which take place almost daily, discuss their problem which is tied to their existence. In any case, according to farmers' trade union leaders, the currant producers are not disposed to accept the price the government announced and declare their determination to undertake struggles for achieving their just demands.

In the meantime, as the new season for currant production begins great quantities of Korinthian currants remain unsold in AOS storages. Up until now 36,599 tons were exported compared to 50,930 tons in the corresponding 1979 period. The English market, the most important one for the Greek currant, bought 27,000 tons this year compared to 36,000 in 1979. On the contrary, AOS statistics show that exports of Korinthian currants to East Germany increased considerably. The producers believe that if the government allows AOS to export the Greek currant to socialist and nonaligned countries the sale of the product will be complete and easy.

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HIGHLIGHTS

EEC ECONOMIC AID--The greatest part of benefits Greece will receive from its accession [to EEC] will come from the assistance for the support of agricultural products. An appropriate government source announced that FRDGA will grant Greece 10 billion drachmas for this purpose. As concerns the other Community Funds, Greece is expected to get during the first year of accession: a) About 2 billion drachmas from the Regional Development Fund. Already [development] programs totaling 40 billion drachmas have been submitted. By the end of this year the final selection of projects valued at 20 billion drachmas will be made and it is expected to select the rest in the spring of 1981. b) About 1 billion drachmas from the Social Fund. No proposals have been submitted yet. The matter is being studied by the Agriculture Ministry and other cooperating ministries. Until the time of its accession, Greece will be assisted on the basis of the second financing protocol totaling 16,800 million drachmas (280 million European accounting units). This assistance is being received regularly. (The Foreign Ministry Directorate for EEC has given a detailed memo on the credits received on the basis of the second financing protocol.) [Text]
[Athens I VRADYMI in Greek 7 Aug 80 p 15] 7520

CSO:4908

FIGHTING WITHIN INDEPENDENCE PARTY DISCUSSED

Reykjavik MORGUNBLADID in Icelandic 23 Aug 80 p 14

[Article by Halldor Blondal: "The People's Alliance And The Progressive Party Unite At That Point"]

[Text] Reflections After "The Ultimatum" The Vice-Chairman Of The Independence Party Gave In a VISIR interview.

--No. On the contrary!

When a television newscaster asked Prime Minister Gunner Thoroddsen last May, if he would not find it difficult to vote against the propositions put forth by the Independence Party regarding the state housing fund proposal, many people found this answer to be a cold one. Of course, it was not to be expected that the vice-chairman of the Independence Party would express himself differently, since he wanted to support the views. The desire to do this, however, was never in evidence. That is the truth in this case.

Why Leftist Government?

I had become interested in politics when the events arose that lead to the reconstruction government. I remember how much I liked the white book in those days, and the logic which made it inevitable to abolish income tax on general income in order to conquer the inflation by applying "blitzkrieg" measures. Since then I have been a "blitzkrieg" supporter and Olafur Thors was my man.

After a disgraceful performance, the leftist government collapsed just before Christmas 1958. Thereafter the Progressive Party and the Communists were kept outside the Cabinet Offices until fall of 1971. This was a long exile, which since then has formed inseparable ties between these parties, so that one party can hardly consider being in a government position without the other.

Last January I had a long talk with one of the People's Alliance members of parliament about conceivable coalition of that party with the Independence Party, which neither one of us was really eager for. I was not taken by surprise that he felt it equally undesirable to be in a government coalition with the Social Democratic Party as I felt being in a coalition government with the Progressive Party. We both realized that the controlling factor in such a coalition would depend on which party, the Social Democratic Party or the Progressive Party, would be in. We discussed this frankly, but I feel, however, that there was something brewing at the time. Actually the proceedings to the forming of the government go further back than some people maintain. All of this, however, will surface when the time is considered to be right.

An after thought: I remember various spokesmen in the Independence Party who favored a coalition with the People's Alliance. On the other hand, I do not remember any mention of the Progressive Party as a realistic possibility in this regard.

Either the People's Alliance alone was mentioned or in a collaboration with the Social Democratic Party. As obvious as it may seem, people just failed to see what support the Progressive Party might give.

Poor Performance by the Social Democrats

It is often quoted that the Social Democratic Party won its greatest victory after Gylfi Th. Gislason resigned as chairman, and Benedikt Grondal succeeded him. It is well remembered, that during the previous years the Progressives and the Communists kept complaining what a poor politician Gislason indeed was, with the result that some of the more naive Social Democrats began to believe it, instead of rallying around their leader. That is, for example, what the Progressives did in 1976 and 1977, when the lucky star of Olafur Johannesson was at its lowest and invisible to the human eye. At that time the Communists and the Social Democrats launched a propaganda campaign against him. One year later he was elected the "politician of the year" and even "the politician of the decade."

Now, turning back to Gislason. It soon appeared during the fall session of the parliament in 1978, that the Social Democratic Party was without leadership. The situation continued to get worse; and last fall, to everyone's surprise, the Social Democratic Party issued a vote of no confidence in the coalition government. After the elections, the Democratic Party has lost four seats in the Althing. Everybody thought that the Social Democratic members of parliament had proved to themselves, that it was of no use to enter into coalition government with the Communists and the Progressives again. But lo and behold: The first weeks were used for arguments about the justification of re-establishing the government, which the Social Democrats had at long last given the death blow that fall. Such was the political acumen the Social Democrats showed. Since then they have had very little influence in Icelandic politics.

Center of the Left-Wing

Thoroddsen has stated that the Independence Party will lose following if Hallgrímsson is reelected chairman. Thoroddsen added further: "I cannot say anything about a new party being formed." I don't know if Thoroddsen is of the opinion that he has behaved so well in recent times, that he can expect the members of the Independence Party to take him more seriously now than often before. I remember, however, that Ólaf Benediktsson said during the last national convention, that she always felt it was best to have only one captain on each ship. Benediktsson added further, that the first mate was only useful if the captain could trust him. This is in accordance with what Johann Hafstein said, when he was first elected vice-chairman of the Independence Party, when Thoroddsen left for Copenhagen. Hafstein emphasized that his role was to stand behind the chairman to make his job easier and to protect him against potential disasters. Hafstein was one of the most honorable men I have met during my lifetime, and I have truly missed him from the leadership of the Independence Party, as indeed I have missed many other good men.

It does not indicate any reconciliation within the Independence Party even if Thoroddsen is indulged in some way, nor does it indicate who will be the new chairman. It is for the national convention to elect the chairman. Thoroddsen should withdraw from the administration to create peace within the Independence Party; and stop being a "symbol" or a uniting symbol for the Communists and the Progressives. In an interview with a German newspaper, he says himself that he is in the center of the left-wing.

As verbal as Thoroddsen is, he occasionally hits the nail on the head.

9583

CSO: 3111

PAPER BACKS HALLGRIMSSON IN ATTACK ON GOVERNMENT TAX RECORD

Reykjavik MORGUNBLADID in Icelandic 20 Aug 80 p 16

[Editorial: "You Reap What You Sow"]

[Text] How do the actions of the present administration clash with the policy of the Independence Party? This was the question the VISIR newspaper put to Geir Hallgrímsson, chairman of the Independence Party, during an interview last Saturday.

Hallgrímsson responded: "I think it is appropriate to quote the current prime minister in this matter. He wrote an article in the 28 November 79 MORGUNBLADID just before the elections, where he clarified the views of the party to the voters:

First, the prime minister said in this article, that it was not possible to increase the tax burden in the country; it was already too high. This was in accordance with the policy of the Independence Party, which promised during the election campaign to abolish all new taxes and surtaxes, amounting to over 25 billion kroner, levied by Ólafur Jóhannesson's leftist government. The present administration, however, extended all these taxes--actually doubling the tax burden--so that tax revenues have increased by 50-60 billion kroner in 1980 compared with the 1978 tax law.

Second, the prime minister pointed out in this article that the state expenditures had to be reduced in accordance with the announced tax cut. That would be possible by deciding that the budget for the current year would be 10 percent lower than was anticipated in the budget proposal Jóhannesson's leftist administration proposed last October. The present administration has not lowered the budget, on the contrary. Besides, this administration has moved various state expenditures from the budget over to/borrowing-budget proposal, which in reality only serves the purpose of postponing the problem.

Thirdly, in this quoted article, the prime minister said that the subsidies, which now cost 20-30 billions a year, had become far too excessive. He said

it would be possible to save billions of kroner on this item of expenditure. This proposition, however, has not prevented the present administration from still raising the subsidies, as the examples prove.

It will be conceded by, that the present administration bears close resemblance to the earlier leftist administration. The People's Alliance and the Progressive Party, which decided mostly what the policy of Johannesen's administration was, have 7 of 11 ministers in the present administration--and besides, are in charge of various important matters of the nation. It is quite obvious that you only reap what you sow. The most distinctive feature of the leftist administration is doubtless that direct taxes in 1980 have increased from 74 billion total, or 19.9 percent of the income for the year they were levied, to 120 billion kroner total--and 21.1 percent of the total income.

9581

CMS: 1111

ECONOMIC SITUATION MAIN FACTOR IN NET MIGRATION LOSS

Reykjavik MORGUNBLADID in Icelandic 15 Aug 80 p 6

[Commentary by Stakasteinar]

[Text] Migration

Migration from the country has unfortunately become quite noticeable during the recent months. Last year 2,373 persons emigrated--or 525 more than immigrated to the country. If this loss of people continued for a decade, it would amount to over 5,000 persons.

The reason for this "migration" is doubtless manifold. One of the reasons, however, is definitely that many of our neighboring countries offer a better standard of living and greater economic stability. Another reason is that there is a greater variety of job opportunities abroad, both for specialized and non-specialized people. What steps can be taken to prevent this migration --and maintain the manpower that has been trained and educated in the country within the Icelandic national economy?

It is foreseeable that the number of people of working age will increase about 20 to 30 thousand until the turn of the century, that is during the next 20 years. The stock size of fish caught for consumption, and marketing prospects of agricultural products are such, that these traditional industries will not add any sizeable manpower in the foreseeable future. New technology in those industries may even cause that increase in manpower to be minimal, even though new possibilities of increased production may emerge. It is therefore obvious that domestic energy sources (waterfalls and geothermal heat), along with energy demanding industries, must be developed at a greater rate than they are now being developed, if employment security and the standard of living is to be comparable with our neighboring countries--and thus preventing migration.

The Peoples' Alliance, which shelters the narrow minded politicians in the country, wanted the Burfell Plant to be smaller when that enterprising and practical hydro plant was built. The building of the Burfell Plant was possible, among other things, because of the requirements for energy by the aluminium plant. When the Enabling Act authorizing the building of the

Sigalda Plant and the Hrauneyjarfoss Plant was passed, the Peoples' Alliance maintained the same old position: begin slower and on a smaller scale and exclude energy demanding industry. The policy the Peoples' Alliance has taken in energy- and industrial matters has always been conservative-- never based on foresight nor requirements of realistic improvement of the standard of living for the Icelandic people.

More Migration

Bjorn Arnorsson, economist for BSRB [The Federation of State and Municipal Employees] says that the buying power of 1977 is 24-25 percent less than it was after the "solidaristic negotiations" that year. This is reminiscent of the ancient refrain of the BSRB-leadership about "validating contracts" and the Peoples' Alliance chorus "elections represent struggle for improved standard of living."

The battle happy group from two years ago has neither faded nor shrunk; besides now they have allies, such as the minister of finance and other Red Ministers. Petur Petursson, radio newscaster, says about BSRB "record catch" and the generous source of ministers the Peoples' Alliance now has, that it "equals half of a frozen right leg of lamb per person or four unavailable cutlets. Some will receive one package of burnt Braga-coffee...", etc.

Furthermore, the Peoples' Alliance tax scale, which the Tax Office uses to dig into peoples' pay envelopes, has had "buying power effect" no less than the increase in sales tax, increase in merchandise tax, the new "energy equalization tax," the new "energy equalization tax," the raising of the airport tax, the doubling of the gasoline price through state taxes--and other obvious and immeasurable proofs that "elections represent struggle for improved standard of living" and the non-stop of "validating contracts" and "protecting" the wages as was promised.

The stateliness at the "top" of the fight for improved standard of living is the same--and the analogy cannot be missed when the situation of 1977 and 1980 is compared; besides, this group does not say one thing today and another tomorrow. And should someone feel that there was something lacking in the "gain," it should be possible to improve on all the fancy work by a little dabbling in the price index system. Thus the Peoples' Alliance blows up their wage dispute tanks right into the rock of the Helguvik principle.

9583

CSO: 3111

BRIEFS

OIL FROM UK--"The purchase price of 80,000 tons of fuel oil from BNOB has been finalized. This purchase amounts to five cargoes, four this year and one cargo next year. The first cargo will be delivered next month," said Thorhallur Angaeysson, secretary-general of the Ministry of Commerce to the MORGUNBLADID yesterday. Angaeysson, however, did not want to disclose the price. "This is a stable price for the whole period," he said. "It is higher than the current price on the Rotterdam market, but the long-term security is what plays the important part." According to the information MORGUNBLADID has received, the price of this long-term contract is somewhere between 320 and 330 dollars per ton of fuel oil. The recorded daily price on the Rotterdam market for 7 Aug 80 was, however, 273 dollars per ton. There is a great supply of fuel oil, more than can be sold. According to information from PLATTS OILGRAM PRICE REPORT underbids are frequent, and the Russians, who have not been able to sell any more than the others, have offered fuel oil for a price that is 3 percent under the recorded daily price on the Rotterdam market. [Text] [Reykjavik MORGUNBLADID in Icelandic 12 Aug 80 p 48] 9583

HEAVIER TAX BURDEN--The income-and property tax assessment on individuals is now finished. The assessed income tax amounts to over 64 billion kroner; but after child subsidies and personal deductions for payment of medical insurance and municipal tax has been deducted, the assessed income tax amounts to about 45 billion, which is about a 54 percent increase from one year to the next. In a summary from the Ministry of Finance, it comes forth that if a 87-88 percent collection ratio is used, the tax revenue from the income tax will be over 39 billion kroner, or 1 billion more than was assumed in the budget. The Ministry of Finance interprets this conclusion, that comes forth in this summary, in a way that the total tax burden resulting from income tax remains the same from the year before. It does not change the tax burden whatever the proposed collection ratio will be. What makes a difference, is, that the total income tax assessments have increased about 7 billion kroner beyond the budget, unless the authorities expect people to pay only 87 percent of their assessed taxes. [Text] [Reykjavik MORGUNBLADID in Icelandic 20 Aug 80 p 2] 9583

CDA'S LUBBERS INTERVIEWED ON ELECTION PROGRAM, ECONOMIC PROBLEMS

Amsterdam ELSEVIERS WEEKBLAD in Dutch 23 Aug 80 pp 16, 17, 19

[Report on interview with Dr Ruud Lubbers, CDA Second Chamber delegation leader, former employer in metals and ex-minister of economic affairs, by Johan van den Bosche and Nico van Grieken of ELSEVIERS WEEKBLAD: "Ruud Lubbers: 'I Was Too Optimistic, Higher Benefit Payments Must Be Cut Further'"]

[Text] The Netherlands is back from vacation; the Van Agt Cabinet is complete again; the circus can start all over again: budget trouble, political and socioeconomic ills, record unemployment and increasing inflation on the slack rope. Minister Van der Stee of finances is aiming for income moderation, the CDA [Christian Democratic Appeal] is hoping for 2.5 percent growth. Time for a talk with the most important man in the Second Chamber, Dr Ruud Lubbers, former employer in metals and ex-minister of economic affairs. About a double somersault in Christian Democratic economics and an appeal to all the big political parties. CDA leader Lubbers' National Cabinet!

A number eight trolley is just screaming through a bend in The Hague's court precincts. Inside, in the Second Chamber building, heating installers are routinely running impact drills into the old walls of parliament. Parliament is in recess, but the song of labor sings right on through.

Through all this, Ruud Lubbers keeps on the desk in his office. The large groups of Netherlands whom the CDA must attract in order to carry out the Christian Democrats' election program have not yet started to knock at the front door of the Inner Court—otherwise it can get so peasanly crowded with all of the demonstrators coming from every nook and cranny.

Does the CDA delegation leader want a national cabinet? Suddenly, with the exception of the trolley and the impact drill, it is very quiet. Then, quick and quiet, "I would have no difficulty at all with that. A broad coalition is better than a narrow one."

The CDA is making an "authoritative call," and a "national appeal" to the people to go after all socioeconomic ills, unemployment, the financial deficit and increasing cynicism with respect to the good remedy against them in "alliance with major groups," and as a result the CDA shares the responsibility for all the suffering from a drastic income moderation with different political parties than just the VVD [People's Party for Freedom and Democracy].

The always so inventive ex-minister of economic affairs in the Den Uyl cabinet, who excelled even then through his sheer unending virtuosity in thinking up all manner of solutions to all manner of problems, CDA politician Lubbers must have thought deeply once again.

The CDA has made an unavoidable turn. The bottom of the treasury was alarmingly visible for too long. That is not the economy of enough, as the CDA sees it, but the economy of shortage. Lubbers nods. "Last year, when I defended the cabinet policy to you, I was too optimistic."

Here is ELSEVIERS WEEKBLAD in discussion with CDA delegation leader Lubbers about the declining buying power, legal inequality in the moderation of those receiving higher benefit payments or incomes, irregularities in the social security agencies, about the citizen and his tax cents [Dutch], Van Agt's incomprehensible statement about the Labor Party's dream growth, about overconsumption in our society and even about natural gas: "I have not used natural gas to confuse the issue." But first the price increases. Will inflation reach 10 percent this year?

Pessimistic

ELSEVIERS WEEKBLAD: You are lucky that you did not bet on us in March. You swore then that prices would not rise by more than 1 percent per month. We are not far from that now. In July, prices went up 0.9 percent.

Lubbers: Price increases really are high.

[Question] Are you more pessimistic now than you were in March?

[Answer] I am now a little hesitant about it.

[Question] Only hesitant?

[Answer] Yes, I have a strong feeling of discomfort, somehow. A little bit of the feeling that there are catch-up effects in it. But I do not think it would be fair to speak critically about it, for then I would have to talk to Van Aardenne about it first."

[Question] The price increases did not begin yesterday. You have not had time for that yet?

[Answer] A little bit, sure, yes. I admit that the price increases have disappointed me a lot. It has usually been so that 1 month is a little disappointing and the next a little better than expected, but now I have the impression that there is an acceleration in it. That is, not just a rise in price increases but an acceleration in the rise."

[Question] Will it be 10 percent this year?

[Answer] I get the feeling that prices are out of hand, but I will not say that we will reach 10 percent this year. I do think that there is an effect in it that can be ascribed to business. Something like, "I can get by with raising prices now."

[Question] Last May you waxed rather lyrical about the economic situation. According to you, it was spineless to say that the economy was getting out of our grasp. You said then: "Just look at the growing number of vacancies." Well, now, a year later that number is dropping alarmingly. Really, we are sitting here to get a bit of our own back.

[Answer] It seems fair to me just to have a look at that interview.

Mr Lubbers read the whole interview attentively, and then said: "In the first place, in that interview defending the cabinet policy, I was too optimistic. In the second place, though, I believe that part of the problem we now have to deal with derives from outside influences which you can not charge the government for primarily. One thing and another can also be laid to the account of industry, in particular the extremely harsh developments in the area of the labor market and the social security sector. That is one of the causes which make the problem of the coming budget--really of the coming years--sharper. That is also one of the reasons why the CDA has made a turn, at least on these points. In short, you're right if you say, 'You were too positive then about developments with respect to the creation of new jobs.'

"But that brings up another point. You were too cynical then in your questioning the government's courage to introduce a wage regulation. I said, 'If it is necessary, then there will be one, too!' And you answered, 'Yes, that's what you say now, but the government will still not do it.' I'm just reminding you of that before you succumb to recklessness through self-confidence.

"On the other hand, I will admit again that a number of measures for which the government spoke have stagnated in the execution. The government is responsible for that, and I am too. But I am not so masochistic as to say, 'It is all our fault.' Some of the blame also belongs to industry. You naturally expect the Ministry of Social Affairs to try to keep more disabled workers on the job, but even so, the exodus from the firms to the WAO [Law on Labor Disability] is largely a matter for industry itself. Well, then, in our new program we are making proposals to employ these people. But

certainly with the knowledge that this cannot be accomplished without the cooperation of employers and workers. And if I look to the past, then I think that industry has approached this matter too much from the viewpoint of the size of the payments."

Coupling

[Question] Oh, but you are doing that, too, in your new program. You want to cut back the benefit payments above the "minimum" to recipients at the top of the scale from 80 percent to 70 percent of their last income. That is, nota bene, 5 percent more than Den Uyl wanted at the time.

[Answer] Precisely. As early as the very first debates on the "Specifications" we were saying that we were firm believers in the idea of coupling at the bottom. As the benefit payments got higher, we felt that the difference between the benefit payment and the income that the person involved had received earlier would have to be bigger. In that first "Specification" debate you will find the ratio of 100:70 mentioned. Therefore that is already 3 years old.

[Question] The way you see it, people who are on WW [Unemployment Act] or WAO will have to give up more than 10 percent.

[Answer] We want to maintain the coupling for the "minima," but as we follow the curve further, we feel that the higher benefits can be reduced further. If you ask me for the precise figures for each benefit payment above the minimum, I can't give them to you.

[Question] But that is the first question that each benefit recipient will ask himself before he votes for you.

[Answer] Naturally he will ask that question. The CDA just feels that first we have to know whether we are willing to do it on principle. Only then can you look to see what the income effects of it will be.

[Question] Your new program states that higher incomes will have to give up 3.5 percent of their buying power. People, for example, who earn incomes of 60,000 guilders will have to give up 3.5 percent, and benefit recipients who receive 50,000 guilders, for example, will have to give up 10 percent. Isn't that legal inequality?

[Answer] If you put it that way, then it really is legal inequality. But we still do not know to what extent it will come about. We certainly have not specified that. We do not think it is sensible to work out the figures for that amount in detail, for then you would have to do it everywhere. We have only been willing to give reasonable indications. The proposition is unjust. The 10 percent in the benefit payments is a one-time thing, the 3.5 percent for the higher incomes will come back every year. Furthermore, the one is gross and the other is net.

But there is still something else. Those with incomes more than double the average will be affected heavily by our fiscal paragraph. One important article of that paragraph is a reduction, an alleviation, a clean-up of the deductions and allowances. We want to reduce the number of deductions. But on the other hand, there is naturally a bit of tax reduction. The man who earns 80,000 guilders and has no deductions will profit from the income tax reduction; the man who profits to a great extent from the deductions will encounter a severe problem immediately. You will add things up and say, "Well, that man was really hit hard!" But for us it's a reason to provide average figures and not a table.

Political Decision

[Question] Then your program is not entirely equitable?

[Answer] Why not?

[Question] Because you still do not know how your proposals are going to work out.

[Answer] We are doing this because we feel that a number of items among the deductions are indefensible. That is a political decision. I also contend forcefully that our program is not inequitable. The past years are characterized, both in the area of social security and in the area of income, by the gradual ripening of a number of principle thoughts which must lead to the system becoming more controllable with respect to costs. That sounds very imposing, but in fact it means that we have now reached the stage where irregularities contained in the system can be removed from it. Not just in order to find x or y number of guilders.

[Question] We have the impression that this ripening of yours has to do to a large extent with the fact that the bottom of the treasury is becoming increasingly clearly visible.

[Answer] Not entirely. The citizen who pays x percent of his income in premiums is entitled to expect that the government (but also the employers and workers) heighten their feeling of responsibility for correcting things which are not right."

[Question] Why just now, when you have been in office for a couple of years already?

[Answer] I don't agree with you. As early as the "Specifications" we were already saying, "We want to cooperate in a policy that stabilizes the social security system's share in the national income." Against political pressure, we have been able to do a number of things, such as the construction and broadcasting CAs [Collective Labor Agreements], systemic errors, and so on. But in setting the garden in order, only rather gross effects have been achieved; in the next phase the finer work is going to be done.

[Question] Why then has so little happened in the past years?

[Answer] That comes from all of the alibis with which each group has diverted the responsibility from itself. "It Can't be done," was what you heard from everyone. If Arie Groenevelt now says that he does not exclude a bit of loss of buying power, then naturally all of the Netherlands can bowl him right over with the question, "Why didn't you feel that way 4 years ago?" I am a little more easy going about that.

[Question] You said to us last year, "What do I get out of alterations to the amount of 18 billion [guilders], if I know that it can't be done?" So you stuck with the figure of 10 billion, which proves in the mean time to be too little.

[Answer] You kept saying that the solution lay in the size of the alterations. I hold that meat of the matter is employing people. An alteration in itself does not produce any higher profit in business. For that you need income moderation. You said that the wage moderation would not come about unless there were intervention in wages. And you could not see that happening. So your whole argument can be scrapped, for we have intervened in wages.

Rent Increase

[Question] But not until another crisis came about, the second energy crisis.

[Answer] Yes, I can go along with that, but let me go a bit further. Take the extra rent increase.

[Question] Plus the increase in real estate taxes, though that was done away with at the time because the deductibility of maintenance costs was scrapped. No wonder that the VVD is strongly opposed to the mortgage interest limit of 400,000 guilders. The VVD naturally does not believe your promise that you will never come up with that again.

[Answer] Terribly clever, what you are saying. For what does it prove? That you have no brief for residential construction, but do stand up for people who simply do not want to pay higher real estate taxes. I have a fundamental criticism for such an approach. Something like, "The government just has to see to it that there is a proper amount of construction, that there be a proper number of roads, that there be employment." But that the government has to do that without asking any sacrifices of the citizens. "So let's not have any nonsense about real estate taxes and deductibility." Then I say, "Boys, that's loads of fun, but it's just playing games with the voters." In any case, that is my objection to your train of thought.

[Question] You've got us wrong. What we object to is your promising never to come up with that again, while to the extent that your ripening process requires, you do it. Why don't you just say that you need the money?

[Answer] I feel the treasury is very important.

[Question] But why do you hide behind idealistic words like "ripening process?"

[Answer] I am not hiding at all. I just say, "You have to do business with the opportunities that you have." If you reduce that to the idea of the treasury, then you will just have to do that, but I do not feel it is a happy approach.

[Question] In your program, you say that you will have to get the major groupings in society to go along because otherwise there will be no solutions. Do you want a national cabinet, Jan?

[Answer] I would not object to that at all. You must not take that to mean that I want it at any price. But when I listen to what people in society are more willing to put up with than they were a few years ago, I believe that it is not completely out of the question that gradually on a very precise number of points there is coming to be a program which can be formulated of which many politicians of whatever party will say, "I could go along with that." Whether that would then lead to the formation of a broader coalition depends to a large extent on how willing they are to accept points of difference. If people continue to say, I won't sit in the same cabinet with that gentleman, and that one, then a broad coalition is not possible.

Agreement

[Question] Who do you mean that message for?

[Answer] For no one in particular; more for politics in general. I am trying to reach agreement with more parties on the big issues. Now, in politics that is always understood as a strategic maneuver from partisan interest. I would like to leave that completely out of it because the elections are so far away, and simply say that I, as a CDA politician, consider it to be advisable in my own party and outside of it that people seek agreement on the major points and seek to carry that agreement out with one another. And that furthermore they should accept from time to time the way the democratic majorities lie.

[Question] You already have the VVD with you. It was Wiesel's idea, that national cabinet.

[Answer] In our program, we speak of an alliance. If people plead for an alliance as emphatically as we are, it can't mean anything else than that we are taking the political position that a broad coalition is better than a narrow one. For safety's sake, I'll add something to that. When there is talk of a technical cabinet, which for that matter I don't want, or a national cabinet, that often happens in an atmosphere of: Let's set aside all political differences; let's just think practically. I will not go along with that narrowing, either. No, I do feel that political decisions will have to be made. In common. And that does not call for putting real decisions on ice.

[Question] But perhaps there will still be such nonsense as the oil boycott of South Africa, pruning the highest civil servants' salaries, dropping the mortgage interests above 400,000 guilders. All of these things are very ideal, of course, but they do not cut any ice.

[Answer] Since you ask me emphatically, I have to deny that. Naturally the mortgage interest is not a major problem in our economy, but neither is it unimportant. Wasn't the best way to get rich in the Netherlands to buy a house beyond your means and to put a very heavy mortgage on it? That position had all kinds of negative effects. Demonstrative effects on the order of: Yes, but I have to be able to do that, too, for Piet and Marietje can do it. This has led to big problems. You hear stories about people who are in sorry straits, who had a certain career plan in view, which did not work out. But they are still stuck with the mortgage. There is a tragedy in that, and therefore it is not a fatuous matter. But there are naturally more important problems.

[Question] Let's go on to them, then. The economies in the "Specifications '81." In the mean time, 2 of the 3 years of the specifications have passed. How much has been saved?

[Answer] I think that the original 10 billion [guilders] have now been saved. If no new decisions are reached, next year the 10 billion will be reached. Only, because of the oil crisis of December of last year, measures will have to be taken to bring about further economies to the amount of 3 billion guilders.

Figures

[Question] On what basis do you think that the 10 billion will be reached?

[Answer] On the basis of the figures the government presents.

[Question] No supplementary budgets have been published yet.

[Answer] But I do have talks with the ministers.

[Question] How is the hole of 700 million guilders that you have blown in the specification over the years to be filled up?

[Answer] Then we come to the point of the alternative proposals that have been made by the Ministry of Social Affairs. In the coming budget we will really have to discuss that in more detail. Not until then can you tell to what extent the more precise measures have led to filling up the old gaps in the 10 billion [guilders]. For that matter, I think that it were not for the extra alterations of 3 billion [guilders], the cabinet would have to say at the coming budget sessions, "Yes, but there is still a difference of 700 million [guilders]. What do we have to do about that?" In the end, those 700 million will not produce any problems, so that you could maintain that the 10 billion [guilders] has been reached. No, the big problem is with the 3 billion [guilders] of further alterations.

[Question] Can we just put it all together? There is still a gap of 700 million guilders, and furthermore, of the 3 billion extra alterations, only 1 billion is structural. Decisions still have to be reached about this.

[Answer] Correct.

[Question] Next, underfulfillment cost more than a billion [guilders], while solutions must be found for the supplementary policy of 2 billion guilders, for otherwise unemployment will rise.

[Answer] It's a good thing you said that.

[Question] What's that you say?

[Answer] It's a good thing you said that and I didn't.

[Question] In short, next year there will have to be alterations to the amount of another 6 billion [guilders]. Some even mention the figure of 7 billion. We state emphatically that you will first have to bring about alterations amounting to from 6 to 7 billion [guilders] before you can get started with the penetrating proposals of your election program.

[Answer] That is correct, too. There really is a severe problem.

[Question] But since you know that alterations amounting to 10 billion guilders in 3 years has already entailed the greatest difficulty, how do you think it will go with a minimum of 6 billion [guilders] in 1 year?

[Answer] So you are very worried.

[Question] And what are you?

[Answer] I am very worried, too. It just means a further cleanup in the government itself and the necessity of coming up with more detailed proposals in the area of social security. Furthermore, an income sacrifice will have to be asked. And this time it is "and/and" rather than "either, or."

[Question] That means that in the coming budget, very stiff proposals will be made.

[Answer] Yes, but I am not going to name them for you. Not just to be impolite, but in an interview like this, you have to set limits.

[Question] Tax increase?

[Answer] Or higher premiums. But you are right; the citizen will have to come up with the money needed.

[Question] How could government spending be decreased next year?

[Answer] The CDA wants disabled workers to be involved more in the labor process, but first of all we are seeking a reduced influx of social security benefit recipients. For that matter, we do not have the illusion that we can find a full-time job for every disabled worker.

[Question] We understand, for the number of available openings is dropping alarmingly.

[Answer] At the moment it is, yes. In our election program we pronounce ourselves in favor of a stabilization of the collective sector's share of the national income. That means that if economic growth lags behind, government spending has to grow less, too.

[Question] A coupling between the growth of government spending and that of the national income. That is something new.

[Answer] Yes, but it's something old, too. The Zijlstra standard.

[Question] Yes, he invented it, but since then nothing has been done with it.

[Answer] You are so depressingly cynical; even about the past. Let's honor the past and save our criticism for today. I mean that that standard is a reasonable start. I think, too, that it is one of the points which the VVD will address.

[Question] The point is that the one side cannot be controlled.

[Answer] Which side?

[Question] Well, really neither one.

[Answer] I am glad that you do not bear the responsibility for policy, for you would spin around and around in your own cynicism.

Growth

[Question] You do know that economic growth can scarcely be controlled because it is determined to a large extent by world trade. And with respect to the collective burden, politicians in the past have given little sign of being able to control that.

[Answer] Let's take the economic growth first. When I wrote the selective growth report, I said that economic growth could not be a goal, but rather a result. When I did that, I set myself up against those who say, "X percent economic growth is the answer to all our problems," but I also opposed those who say, "If we can just get away from this darned growth, then we will have a nice and orderly country."

I feel that you have to make different choices. Such as, "I am going to make sure that those who want to work, can." And in my opinion, that can without respect to world economic growth if you have an unlimited willingness to vary your income, that is, to be satisfied with less income. Now it is true that all in all we are now entirely happy with income sacrifices, and that therefore we try to increase productivity. I have nothing at all against that, so long as you make the decision.

Plans

Well, now, the CDA has made that decision. We are primarily interested in involving as many people as possible in the labor process. Even people who are not so terribly productive, who have certain handicaps and so on. Each year, according to our plans, 1 to 1.5 percent of these people must be employed. But then the question immediately arises, "Where?" The answer is in the market sector. But because we have to compete with foreign producers, that can only be done if industrial costs show a favorable trend with respect to those abroad. And that can only happen if people are willing to moderate their incomes.

And now the calculation: We employ 1.5 percent of these people in industry and we see to it that productivity is increased by 1 percent. That has to be possible, for it has always been appreciably higher, but due to reduced world trade and because people with handicaps naturally are not as productive as people who are not handicapped, the level of previous years cannot be reached. But 1 percent can be. This works out of a growth in production of 2.5 percent. But just as we don't immediately think we are rich, we will take back the investments on the worsening rate of exchange. And then the result is an economic growth of, let's just say, 2 percent.

[Question] We don't think Van Agt collaborated in this program.

[Answer] No, in the CDA, everyone has his own job.

[Question] We only asked because Den Uyl's 2 percent growth was characterized by Van Agt as "sprung from a pipe-dream."

[Answer] A characteristic difference between the election programs of the PvdA [Labor Party] and the CDA lies in the greater sacrifice in income that we ask of the people. For that matter, I found Van Agt's statement rather lacking in understanding from time to time. But it is also not so very understanding of the PvdA to say, "Let there be so much growth and then we will share it out!" You can only share out that which you have actually produced. In this country we have gotten quite tired of people who simply leap to simple economic figures and then say, "Well, that's how it is." Now I have to end the interview.

[Question] You still haven't used the word "natural gas."

[Answer] I have left that out on purpose this time, because I knew that you often react spontaneously to it. You always sing out something like, "Ha, there's natural gas again to confuse the issue." But naturally it is one of the most important points in our program.

[Question] Sure, because you need the money to be able to carry out your program. You will even need that money as early as 1981.

[Answer] Absolutely. But it will be there. Even without increasing the export price of natural gas, profits will increase substantially for next year. I feel that negotiations abroad have started too late. We are behind by about 3 billion [guilders]. We will not have made all of that up next year, but part of it at least.

[Question] A key thought from your program is that a policy can only be successful if major groups from society are willing to put up with it. And if that does not happen?

[Answer] The number of unemployed will grow and the number of welfare recipients will rise and that way we will have an impoverishment. Groenewelt formulated it quite accurately. He said, "It is nonsense to think that you have the option of always staying in the black." For that, too, will lead in time to poverty. A subgroup can naturally delay things a bit by saying: "We will not go back." But they will be presented with the bill.

[Question] Another wage regulation? In March of this year you still said that free negotiations are disastrous to employment.

[Answer] Negotiations in the sense that people are not willing to come to an agreement with one another, yes. That is group egoism. But I am not going to accuse employers and workers of having no sense of responsibility. Naturally they do have one.

Stagnation

You must not forget one thing: In the whole Western World there is a deep undercurrent of stagnation. Some kind of truly fundamental disturbance. One country after another--even the very solid Federal Republic of Germany--is fighting the question: "What must we do now?" The discussion will become worse in the spring, when the auto industry begins to stagnate. I predict to you that this is going to happen. I did not want to mention all that in this interview, because then you would be able to accuse me of painting too pretty a picture of the Netherlands. I do not want to talk about the Netherlands against the dark background of America, England, Belgium and Germany. But the fundamental global disturbance is naturally very important to the Netherlands as well.

[Question] "Because we have the natural gas as a buffer, the Netherlands will go up against the wall a little later?"

[Answer] Of course, natural gas is very important to us. But I do not want to give the impression that natural gas will really solve our problems. That is not so. Fewer and fewer people believe in that.

[Question] Possibly. But politicians do use natural gas as a kind of camouflage net to hide the problems.

[Answer] I don't do that, for I haven't even used the word "natural gas."

[Question] I'll give you that, but in the past you have used natural gas to hide problems. In the past years you have talked about a zero level, but you have used natural gas at the same time to carry out tax reductions.

[Answer] Now you are getting really nice. You, as a rightist journalist....

[Question] Let's just keep that between ourselves. Don't tell Terlouw that you called D'66 [Democrats of 1966] rightists, too.

[Answer] Now you are really getting too gray for me, hear? One time after another you have not believed in wage moderation and suddenly you come up with the accusation that others who want to keep consumption up to par are following wasteful policies. The characteristic of your interviews with me has always been: "You are too optimistic; more has to be done," and so on. But another element, the moderation of incomes, you have always rejected. And that is the meat of the matter: Our society consumes too much. As long as you do not admit that, you are fundamentally wrong.

[Question] You are forgetting part of it. True, we have always found you to be too optimistic; you see that yourself now. But we have always been for wage moderation; in the interview with you in May of last year we even begged for a directed wage policy. You just read that a little while ago. Our objection to you is that you did pronounce yourself in favor of wage moderation, but at the same time you used the natural gas to try to maintain the buying power, while that natural gas could better have been used for industrialization. A leftist professor like Van der Zwen now says that too in the WRR Report.

[Answer] Van der Zwen is on my side in the report he has just written. As they came in, I spent part of the proceeds of the natural gas on the WIR [Law on Investment Calculation, an investment subsidy act], that is, for investment in industry.

[Question] We can make jokes, too: Investments in side accounts in banks.

[Answer] Yes, that is making jokes, now. That, now, is something like: The majority of the money from the rent increase proposed by the CDA will simply be invested immediately abroad. You ought to watch out for that

cynicism. You can smash everything that way; you can kill the policy that way. The major tenet of your questions has been: "Politicians put things too optimistically. They always postpone the solutions to the problems." But the other thing you do is: As solutions are brought up, you approach them cynically. Yes, I'm saying a thing or two, but it is a train of thought that is really one of the causes of the problems we are now facing. For employers, workers and politicians also do that sometimes. If anyone else besides themselves says anything, they immediately react with, "Well now, what can I make of that." And that always leads to stagnation. For then just nothing at all is done any more.

But then on the other hand, you are right again. If we come up with a solution, then all the special interest groups jump up immediately and say, "But I need my income," or "I need my turnover. So just push the buying power up." And then when it comes to paying for it, they say, "That is not my problem. Someone else will have to solve that."

Distortion

[Question] That is a testimony, but that is precisely what we are accusing you of. You speak out in favor of income moderation, and then you find that it is hurting somebody, and, whoopee!, you finance his buying power with natural gas.

[Answer] That is not fair. On the contrary. With respect to income moderation and natural gas I have always represented a hard line. If you look at what I did at the time with natural gas! I have tried to get a higher share of the results for Dutch society; I have propagandized the policy of paying real energy prices; I managed to get a cabinet with a lefting signature to agree to use a portion of the natural gas for the requirements of investment. One complaint I have against the cabinet is that it is irresponsible to let too low a price for natural gas exports go on. So don't come at me with a position that it was me that used the natural gas to hide the problems in the Netherlands. That is a complete distortion of what I have done in the area of natural gas. I react violently to that because it isn't fair. It is not a historical analysis.

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CSO: 3103

ROTTERDAM PORT NEGOTIATIONS BREAK DOWN

Rotterdam NRC HANDELSBLAD in Dutch 7 Aug 80 p 9

[Text] Rotterdam, 7 August--Employers and workers in the Rotterdam and Amsterdam ports were unable yesterday to reach an agreement in principle about a new CAO [Collective Labor Agreement] for the ports. After a second round of negotiations, a spokesman for the FNV [Netherlands Trade Union Federation] transportation unions said that the employers (the shipping associations North and South) had made a final offer but that it did not go far enough for the unions.

The labor unions informed the employers that they will discuss the proposals in the harbor trade group central directorate. The negotiators have made no arrangements for further talks. "We will surely tell the employers what our rank and file think about the offer," the spokesman for the FNV transportation unions said. The dock CAO applies to about 13,000 dock workers in Rotterdam and Amsterdam.

No agreement could be reached yesterday about four important labor demands: shortening working hours, differential pay for dirty and unpleasant work, lowering the age for early retirement and 2 percent additional cost of living allowance.

In the first round of negotiations on 24 June the delegations agreed to conclude a 2-year CAO to end on 31 December 1981. Agreement was also reached on restoring a system applying to the ports of a cost of living adjustment as of 1 January 1981.

The employers announced themselves willing yesterday to restructure wages in the harbors by incorporating differentials in the wages and transforming weekly wages into monthly wages. According to the employers, that would involve a maximum permissible increase in labor costs of 1.25 percent. They are also willing to extend vacations by 1 day and to make up the 26 guilders of the Enabling Act by incorporating a 1-percent pay increase on 1 January with a floor of 26 guilders.

Good

The chairman of the Rotterdam dock employers said that the CAO offer was "good the way it stands," given the current situation in the Netherlands. According to him, the negotiations have been carried out in a businesslike manner in a quiet and correct atmosphere.

There is a movement within the Rotterdam dock workers that is opposed to the tactics the transportation unions follow in concluding dock CAOs. The followers of the Rotterdam Harbor Action Committee, which organized a strike last year, feel that there is no need to negotiate at all; they want to negate the wage regulations and to take whatever action is necessary to attain their demands. Those demands go a bit further than those of the transportation union.

The leadership of the transportation unions feels that first there has to be negotiation with the employers.

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CSO: 3105

CONSTRUCTION EMPLOYMENT SITUATION WORSENS AFTER VACATION

Rotterdam NRC HANDELSBLAD in Dutch 8 Aug 80 p 9

[Text] Utrecht, 8 August--In the very first week after the vacation in the construction trade, the employment situation in construction has worsened, the employer and labor organizations say on the basis of provisional estimates. It is true that there is no question of a total collapse in employment, but at about 30,000 the number of unemployed construction workers is three times as high as at the same time last year.

More clarity about the situation after the end of the construction vacation is expected in the course of next week. The Social Fund of the Construction Industry expects to have a perspective on the latest developments by then.

According to a spokesman for the FNV [Netherlands Trade Union Federation] Federation of Carpenters and Construction Workers, figures are dribbling in to the union from various sources concerning the disturbing number of unemployed construction workers. In some cases the figures are four times as high as last year.

Measures

But according to the construction union it is not justifiable to draw national conclusions from this yet. According to the union, the further worsening of the job situation in construction does indicate that the government must now come up with far-reaching measures quickly if unemployment is not to get entirely out of hand in the rest of the year.

The Netherlands Federation of Enterprises in the Construction Industry (NVOB), too, confirms that construction unemployment is still rising. According to the federation, an NVOB poll of about 400 construction firms in Limburg taken at the end of June warrants the conclusion that in the coming months unemployment in construction in Limburg will increase by 10 percent. The firms were asked what their expectations were about developments in the personnel situation and turnover for the rest of the year. The answer was that in the coming months probably another 10 percent of Limburg construction workers, about 2,200 men, would be out in the streets.

The increase in unemployment among Limburg construction workers brought out by the NVOB study means 2.5 times as many unemployed as compared with last year. That figure agrees quite well with the national figures published by the government last week. According to the Construction Union of the FNV, of the 250,000 registered unemployed in July, about 27,000 had worked in construction.

Last year in July there were about 11,000 unemployed in the construction trades, which means that in July of this year there were 2.5 times as many men out of work in this industry. The figures from the Ministry of Social Affairs show that about a third of the 17,000 men who became unemployed last month came from construction.

Labor Crew Middlemen

According to the NVOB, the not very rosy situation does still have a bright spot: according to a spokesman for the employers' association, it is primarily the labor crew middlemen and the like mala fide subcontractors who are being done in by the troubles in the construction market. The more of them that disappear, the better, according to the federation, which states that the number of failures among bona fide firms has been quite limited.

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CSO: 3103

HOPES RAISED OF SOVIET COMPLIANCE IN JAN MAYEN ZONE

LD110929 Oslo AFTENPOSTEN in Norwegian 5 Sep 80 p 3

[Report by Binar Kr. Holtet: "Jan Mayen Zone Accepted"]

[Excerpt] The fleet commander in Murmansk has by all accounts given Soviet vessels in the Jan Mayen Zone orders to sign the inspection forms used by the Norwegian coastguard. AFTENPOSTEN received this information from the Fisheries Ministry. Norwegian Fishing Boat Owners' Association general secretary Leiv Groennevet thinks that the Soviet Union will now accept the Jan Mayen Zone as a Norwegian zone. "This is a breakthrough for us," Groennevet said. The Fisheries Ministry points out that the Soviet Union has never formally protested against the establishment of the Jan Mayen Zone.

This interpretation is more optimistic than expected from the Fisheries Ministry after the first brushes with Russian fishing vessels in the Jan Mayen Zone. Initially the Russians blankly refused to sign the coastguard forms.

Even though the Soviet fishing captains have been "politeness itself" when coastguard inspectors have boarded their ships, it is obvious that they had first been given orders to refuse to sign. Thus they are not submitting so-called announcements of activities to the Norwegian fisheries authorities, as Norway requires since the establishment of the 200-mile zone around Jan Mayen. According to the regulations foreign vessels must inform Norwegian authorities both when they enter the zone and when they finish fishing there. They must also send in a catch report. None of this is being done, the Fisheries Ministry told AFTENPOSTEN.

Nevertheless, the new practice of signing the forms from the coastguard is being taken as a favorable sign, and at least a sign that new signals have come from Murmansk to the Russian fishing vessels. At the present time six to eight Soviet trawlers are within the 200-mile zone around Jan Mayen, fishing for pollack. This is far fewer than the armada that was inside the zone a month ago, at the beginning of the Norwegian capelin fishing season off Jan Mayen. At that time around 80 Russian pollack trawlers were recorded in the area.

CSO: 3108

CONTINGENCY STOCKPILING ISSUE DISCUSSED

Labor Party's Debate

LD151537 Oslo AFTENPOSTEN in Norwegian 6 Sep 80 p 4

[Article by Nils Morten Udgaard: "Deep, Long-Standing Conflict in Labor Party on Security Policy"]

[Text] No other country in Western Europe debates its security policy as intensely and as often as Norway; only in the United States do such questions worry the politicians and the public as much as they do us. This weekend the contingency stockpiling of heavy equipment for a U.S. marine brigade will be a controversial main topic at the Labor Party's national executive meeting in Toensberg--less than 9 months after NATO's nuclear resolution created a minor earthquake within the party. If the party leadership loses its grip on these questions, it will have serious consequences for the whole of the political scene in Norway.

The Labor Party grew up in this century to solve questions other than those of foreign and security policy. Economic and social questions had a cohesive effect on the movement, while security policy has always had a splitting effect. A prerequisite for the party's dominant position in Norwegian politics in the period from 1945 to 1965 was that its leadership nevertheless was able to carry through a stable security policy which won broad support--and which made the party an electoral possibility for large groups in the political center. The Labor Party seemed to be the bearer of a national policy, with support from the nonsocialist parties and especially from the Conservative Party, which refrained from exploiting the party's internal dissensions on these questions--as long as these were sorted out in private without having an effect on the policy itself.

This truce between the parties created an atmosphere of peace and certainly surrounding foreign and security policy, but also gave an incorrect picture of massive agreement. Considerable secrecy directed toward internal critics also contributed to this picture--and there is a direct line from the man: posed Storting meetings to undersecretaries Holst and Bruland's att- . to travel "secretly" to the United States this week.

The picture was incorrect because the opposition to the official line was always very strong within the Labor Party, and covered the whole spectrum from the wish for a change of course to demands for withdrawal from NATO and rejection of armed defenses. But the neutralist and pacifist groups within the Labor Party were long held in check by a corps of authoritative representatives and party secretaries who represented the official line on security policy. The most authoritative of them all was party secretary Haakon Lie, who in his memoirs "As I See It..." revealed how hard the struggle was. These are memoirs which younger historians have described as the most interesting in Norway since the war.

But in the last 10 years the working methods within the Labor Party have changed, as they have done in other parties; the grass roots organizations have gained more influence, and it is no longer so easy to lead the party from above. The authorities' authority has decreased, something which is a sign of the times and which has also been aggravated by changes of leader and dissension within the party leadership. All this has led to the situation where the opposition to security policy, which has always existed within the party's greater elbow room and greater power. The EEC referendum was the first dramatic example of this, even though the EEC was a special case. But when the next security policy decision came round--the resolution on NATO's medium-range missiles last fall--the party organizations rebelled; only one regional party supported the government's line. And this weekend's contingency stockpiling decision is the current example.

At the same time, we see the first signs of the truce between the parties being broken. It began with the "gray zone" in the Barents Sea, continued with the defense budget in the fall in 1979 and will be further pursued, it would seem, when the idea of contingency stockpiling in Northern Norway is abandoned in favor of Troendelag.

If the Labor Party leadership now loses its grip on security policy problems, the party's credibility will be hit--as will its chances of election--in broad sections of the population, and one of the most important conditions of its dominant position in Norwegian politics will thus be undermined. By way of summary we can point to the two main factors which influence and make more difficult the government's policies in this field:

1--The traditional internal disagreement on security policy; this is neither new nor especially associated with a "left wing." The neutralist and isolationist viewpoints, supported by traditional pacifism, are much more influential than an ideologically radical wing. It is these groups which are frightened and activated by the Soviet press; the ministers responsible do not give in to direct pressure from the Kremlin. The unifying idea for the opposition is that Norway must keep out of things to the greatest possible extent, look after its own affairs as far as

this is possible, attempt to isolate itself from the great international powers and their conflicts, and invest effort in contacts and detente which are not a part of, but a replacement for, a military balance of power. It is these views which characterize the circle around former minister Jens Evensen, who is now becoming more active again, and with which former Prime Minister Einar Gerhardsen also associates himself. Evensen's "gray zone" was not only a practical move but was also an expression of a philosophy which is clearly different from the ideas behind Norwegian security policy and behind NATO membership. These are ideas of solidarity, "all for one," conscious Norwegian attachment to the superpowers, and Norwegian involvement in a broad international balance of power.

2--The security importance of the northern regions will only grow in the coming years; Moscow now has 65 percent of its strategic submarines based on the Kola Peninsula, and the military significance of the submarine will only increase, even though the larger part of the new Soviet submarines are today being sent to the Pacific. Moscow's expansion of its surface navy continues unabated and will make it even more difficult in the future to transport Western reinforcements to northern Norway, for example. Probable oil and gas finds will further increase the area's significance. We can see this significance in the fact that Soviet press criticism of and diplomatic and partial military pressure on Norway--especially on military and political questions--has for long periods been harder than toward any other European NATO nation. Here Norway is the exception in a Europe where decreasing tension is rather the rule of the day. Soviet expectations of results in the North are without doubt an important motive behind the press policy, and they are expectations that so far have increased in time with Norwegian compliance.

If we in Norway, which has a more vulnerable position than any other small NATO nation, cannot make the correct security policy decisions, in national questions and cases which affect the whole alliance, we risk a rift between "big" and "small" in NATO. Denmark, The Netherlands and to a certain extent Belgium have shown a tendency to want to "defect" from difficult decisions. The result could be a Europe on the lines of the interwar model, where the small states withdrew completely from major politics. If this happened the main political advantage and the historically unique in NATO would be lost: total cooperation on foreign and security policies between large and small nations.

Proposal Leaves Defense Uncertain

LD191507 Oslo AFTENPOSTEN in Norwegian 8 Sep 80 p 4

[Article by Olav Trygve Storvik: "Weakened Defense of Northern Norway"]

[Text] Contrary to the original advice from military experts, the government's plan is now to stockpile the equipment for a U.S. marine brigade in Trondelag instead of in northern Norway. This means that

the American division would hardly ever have any military missions to carry out in northern Norway--a consequence of the enormous problems connected with the transportation of large military divisions with all their equipment from south to north within Norway within the warning times that are expected.

Because of the Soviet Union's troop and arms buildup over a number of years the government has been unable to escape the fact that northern Norway must be reinforced within a short period. Therefore, arms will be stockpiled in Troms for the Troendelags brigade--KRIJ--which that has been earmarked for deployment in northern Norway for a long time now. The brigade has until now had its equipment and arms in Troendelag, and this has given rise to doubts as to whether it could be sent northwards in a crisis. The government decision probably now means that an extra set of arms for this brigade will be stored in Troms, at the same time as the transportation system northwards is improved. This will mean that the government decision will cost approximately 1.5 billion kroner in extra defense spending, in addition to storing the equipment for the Americans in Troms, centrally placed defense sources told AFTENPOSTEN. These new costs will come as a surprise to many, the sources said.

But the government decision might also turn out to be a serious security policy burden in the future. Norway's neighbors, and NATO member nations, will be able to see the decision to direct the U.S. marine brigade to Troendelag as a new, self-imposed security commitment, a voluntary Norwegian reticence, which means that northern Norway will only be defended by Norwegian forces. It would not be enough to point out in this connection that the AMF (NATO's so-called fire brigade) carries out maneuvers in Troms. This division is equipped with arms that are much too light for it to be counted as a full field division, and it would not automatically be sent to Norway in a crisis because it also has tasks to perform in Greece and Turkey. The government decision could also mean that further uncertainty is created with regard to the defense of the northern areas--an uncertainty that could tempt the Soviet Union and lead to further pressure from it.

The Soviet troop buildup over a number of years has led to the situation where northern Norway has become more vulnerable than in the past, and this trend will continue in the coming years. A credible defense of this part of the country in the event of an attack requires that we are in a position to transport at least two brigades (10,000 men) to the area. In order to achieve this, the northbound transport must begin 2 to 3 days before an attack takes place, provided that the government interprets the warnings correctly and is in a position to react. If now, the transport must take place in wartime conditions, and then it is doubtful whether the brigades could be transported at all; at the very least, large losses must be expected.

Most doubtful is the transport northwards of the Troendelag KRI3 brigade. The transportation problem is that 5,000 men, 1,000 vehicles and all the arms with which a brigade is equipped must be transported 1,000 km under difficult conditions. Thus the need for transport is so great that it will be the civilian resources available at any time which will be decisive. This brigade could be transported by a combination of sea, railroad and highway transport or simply by highway transport. Transported under peacetime conditions, the brigade would not be able to be in place in northern Norway less than 5-7 days after the mobilization order is given. But there are a number of doubtful points attached to the present plans. Sea transport can be delayed, hindered or suffer losses if the Soviet northern fleet totally or partially closes the route where this passes through open waters, as it does between Nordland and Troendelag. Railroad transport can be delayed or stopped by bombing bridges. The Nordland railroad offers no possibility of bypassing disruptions, and it would therefore be necessary to transfer troops from one train to another where the railroad had been broken or to a completely different form of transport. Both methods are time-consuming and require an increase over the present transport capacity. Roads have especially critical points at bridges, ferries and ferry channels between Fauske and Bjerkvik. The possibilities of bypassing these spots are minimal and the destruction of these places would give rise to significant delays.

But the largest transportation difficulties are connected with the area from Bodoe to north of Ofot Fjord. The terrain is wild, with high mountains, narrow valleys and fjords which cut deep into the country toward the Swedish border. There is no railroad which passes through this area and only one road, the E6, and the dry land continuity of this road is broken in a number of places by bridges and ferries. There can be no doubt of the Soviet Union's air supremacy in the area, since in peacetime the Soviet Union has 300-400 aircraft stationed at around 40 airfields on the Kola Peninsula, with an operational range that reaches down as far as Troendelag.

Developments in arms technology in recent years have moved in the direction of precision-guided shells, missiles and mines that can be fired, guided or activated remotely. A high degree of accuracy against all fixed installations and means of transport used to carry forces from south to north within Norway must be expected. To counter this threat it is probably that not only arms and materials must be stockpiled in northern Norway, but that quicker means of transport must be used that also facilitate the deployment of divisions. In practice this will mean the use of smaller, quicker aircraft and quicker shallow-water vessels of the Catamaran type for transport over greater distances, while locally greater use of helicopters must be made. But such a system would necessitate further investment.

Government 'Vacillating' Criticized

LS120937 Oslo AFTENPOSTEN in Norwegian 8 Sep 80 p 2

[Editorial: "Serious for Norway"]

[Text] The government's vacillating treatment of the question of the contingency stockpiling of equipment for a brigade of U.S. marines on Norwegian soil in peacetime could have serious consequences both from the viewpoint of the alliance and also when it comes to safeguarding Norwegian interests. When the government, after many ifs and buts, has decided that contingency stockpiling ought to take place in Trondelag and not in northern Norway, where the military need for such stockpiling is pressing, this means that our ability to defend our most northerly area has been weakened considerably. The defense of northern Norway is based precisely on the assumption of allied reinforcements in a war situation, but if such reinforcements are to come quickly enough, we ourselves must see to it that materials and equipment are placed within reasonable reach of the area for their deployment. In the current situation the government has said "no" to this. As a result of the developments in military technology and the growing military imbalance in the northern areas, the government's decision on contingency stockpiling means that NATO's capacity to defend northern Norway and to maintain communications across the Atlantic will be further reduced. It is a heavy responsibility to take on oneself, and it goes without saying that it is no lighter because the government alone is carrying it.

In his report to the Labor Party's national executive meeting at the weekend Foreign Minister Knut Frydenlund made a clear justification of the military and security policy necessity of contingency stockpiling. The assumption behind our base policy--namely, our ability to receive allied help--has become more difficult to implement than in the past as a result of the buildup of strength in the Northern Sea areas and the uncertainty this has entailed with regard to the supply of reinforcements. And the foreign minister again stressed the essential point that the contingency stockpiling of allied heavy equipment in Norway does not conflict with our base policy but is, on the contrary, a prerequisite for maintaining it.

Nevertheless the foreign minister and the government end up with a view that means that we are dissociating ourselves from the hard political realities. It goes without saying that contingency stockpiling in Trondelag is better than no contingency stockpiling at all, and this is probably the reason why the defense forces' military leaders--despite all their reservations--have been able to accept the choice of location. But contingency stockpiling in Trondelag will only be logical and meaningful if it has been calculated in advance that Finnmark and Troms will be lost, because this area cannot be defended in a war situation.

The foreign minister explained in his report yesterday that by setting up contingency stockpiles in Trøndelag we would strengthen Norway's security at the same time as making the measure's defensive character so obvious that no one could rightly claim that it amounts to a threat to other countries. And with the solution the government is proposing no one can say either that Norway is behaving provocatively or increasing tension in the North, Frydenlund said.

This line of argument could not reveal more about foreign policy leaders who obviously allow themselves to be pressured by threatening language and thus omit to adopt those measures dictated by national considerations. That the establishment of minimum Norwegian defenses should represent a threat or provocation toward the Soviet superpower seems to us to be a crazy line of argument.

In the present matter we agree completely with Ketulf Steen, who stated in a speech in March: "It is and will remain pure propaganda that contingency stockpiling of this sort could amount to an element of danger for our neighbor in the East." Only a few days before this Prime Minister Odvar Nordli stressed that "in the light of the military expansion that has taken place on the Soviet side in the northern regions, such contingency stockpiling makes a valuable contribution to lending our base policy some credibility."

Quite right. But then, it is as well to remember, it was contingency stockpiling in northern Norway that was being discussed.

CSO: 3108

PAPER ADDS TO CONTINGENCY STOCKPILING DECISION DEBATE

LD150735 Oslo ARBEIDERBLADET in Norwegian 10 Sep 60 p 4

[Editorial: "The Best Solution"]

[Text] "The government should insist that security policy decisions are in the final analysis made by the government and the Storting."

Conservative Party parliamentary leader Kaare Willoch made this statement to AFTENPOSTEN yesterday. Willoch adds that such matters should not be subjected to any form of further scrutiny by party organs with less broad responsibility.

We do not find it difficult to agree with Kaare Willoch on such a principle. Foreign and security policies are, and must be, the government's special responsibility. Nor have we seen that anyone else has doubted this principle. Nor has it been shaken by the treatment of the current question on the contingency stockpiling of U.S. heavy military equipment in Norway. The government has both known its responsibility and made the decisions that have been necessary up to now, based on its independent judgement.

Having said this we would like to add that it goes without saying that defense and security policy must not become so specialized a field for the government and Storting that no one else should be allowed to discuss such questions. Part of the basis for a government's evaluation must also be the on-going security debate in the world around us and in domestic forums, including mere party organs.

Now that the government has chosen to go to negotiations with the Americans on the basis of a decision for contingency stockpiling of American equipment in Tromsdelag and expanded stockpiling of Norwegian equipment in northern Norway, it is no ordinary geographical compromise that has taken place. This solution has been chosen because the government considers it the most favorable solution, from military and security standpoints. It is as well to remember here that the most important objective of Norwegian defense and security policy is to contribute to a situation whereby war does not break out.

In our opinion this is the most important motive behind the Norwegian desire for contingency stockpiling for American troops: The very demonstration of American willingness to provide reinforcements in the situation in which Norway asks for them. Through such contingency stockpiling there ought to be no doubt that an attack on Norway would not be considered an isolated phenomenon but would bring an aggressor into military conflict with the whole of the NATO alliance. On this basis it is of little consequence where such stockpiles are situated in Norway.

Now that the government has chosen Trøndelag as the stockpile location for American forces, and an expansion of the stockpiles for Norwegian forces in northern Norway, this is in no way in conflict with a military evaluation, which can be the impression when "strategists" such as Kaare Willoch, Kaare Kristiansen and Johan J. Jakobsen make their public statements. Defense High Command Chief of Staff Lt Gen Egon Hauge has described this solution as feasible and reasonable. The general was himself a member of the Bruland Commission which looked into the question of stockpile location in particular. Defense Chief Sverre Haare has also stated that contingency stockpiling in central Norway and a reinforcement of Norwegian troops in northern Norway is a fully acceptable solution from the military viewpoint.

Nor are these ideas new. The 1974 defense commission already pointed out the need for defense reinforcement in Trøndelag. With American stockpiles in this area Norwegian freedom of action in a crisis situation will also be greater. Norwegian forces must in any case form the major defenses in the event of an attack from the north. If reinforcements have their base in Trøndelag the chances of bringing them in will be greater and the chances of their being cut off will be less. Finally, contingency stockpiles for American forces in Trøndelag gives greater freedom of choice when deciding where such forces are to be deployed, either to the north or to the south. In recent years more and more people have been worried by the threat that might lie in the south, if in a war the Danes and the West Germans lose control over the Baltic area, and also over the Danish straits and islands.

These military and strategic considerations, among other things, lie behind the decision whereby Trøndelag is considered to be a perfectly reasonable area for contingency stockpiling. In addition there is the other objective behind our defense and security policy, namely the maintenance of calm and stability, and therefore peace, in our region. Trøndelag as stockpiling location underlines the measure's defensive character and should not seem provocative to anyone. Therefore it is the best solution.

CSD: 3108

LABOR PARTY'S APPLICATION OF SCHMIDT POLICY SEEN AS MISGUIDED

LD121131 Oslo AFTENPOSTEN in Norwegian 10 Sep 80 p 2

(Editorial: "The Labor Party and Helmut Schmidt")

[Text] In recent months West German Federal Chancellor Helmut Schmidt has appeared as the great foreign policy guiding star for the Norwegian Labor Party, and thus also for the government. While the United States is still the guarantor power for Norway's security policy, the government more often seeks foreign policy advice in Bonn--when in the past Washington's views would have been sought. This is a shift in the center of gravity of great importance; it has happened relatively quietly and has gone further than the majority of people realizes. The reason is not only Schmidt's position as one of the great political leader figures in today's West Europe. It is at least as important for our own Labor Party that he is a Social Democratic Party member. This means that he can be used in the party's internal debate on foreign and defense policy.

We have no problems in accepting Schmidt as an adviser to Norwegian foreign affairs politicians; his policies within the EEC, in the Western alliance and toward East Europe demand our respect. But when he is rolled out as an alibi for the Labor Party's about-faces on the contingency stockpiling issue, as happened in Arbeiderbladet's editorial after the weekend's national executive meeting in Toensberg, then Schmidt's policies are really being turned on their head. For it has never been a part of the West German policy of detente--of "Ostpolitik" as pursued by Willy Brandt and Helmut Schmidt--to make concessions to the Soviet Union in military matters. On the contrary, "military balance" has been the very basis of Bonn's policy toward the Soviet Union in the last 10 years.

Over these years the West German Bundeswehr has been built up, until it has become the most effective conventional military force in West Europe; the doctrine of forward defense has been accepted; Bonn has joined a number of important West European arms projects; Schmidt himself was the initiator and decisive promoter of the resolution last year on new nuclear arms for NATO; the nation's navy is being expanded and is extending

its area of operations. All this contributes to the maintenance of a military balance and has not been an obstacle to the policy of detente, which has had good results and has made Bonn Moscow's most important Western cooperation partner. Respect for and consideration of Soviet interests are a positive part of this "Ostpolitik," but the West Germans themselves are of the opinion that an even more important consideration is the preservation of the military balance. The possibilities of reaching acceptable political agreements increase at the same rate as the Soviet understanding that it is not possible to achieve results with the help of a shift in the military balance.

By making concessions on the question of contingency stockpiling the government is in the process of introducing a new "self-imposed" commitment for Norwegian security policy in the north. And at the same time as we in reality are telling the Russians that we will refrain from those measures which would preserve the military situation in the north most effectively, we are making it even more improbable that Moscow will be prepared to enter into serious negotiations with Norway on the unsolved northern issues. Members of the Labor Party are quite welcome to go on referring to Helmut Schmidt. But we must also be quite clear that Norway is now following a line completely contrary to the basic principles of the successful West German "Ostpolitik."

CSO: 3108

MILITARY WANTS IMPROVEMENTS IN NORTH COSTING 1.5 BILLION KRONER

LD151553 Oslo AFTENPOSTEN in Norwegian 5 Sep 80 p 4

[Report by Olav Tryggve Storviki: "Defense Forces Critical of Government Plan"]

[Text] The government's present plan to locate the American stockpiles of heavy materials in the Troendelag area will cost the country 1.5 billion kroner in extra defense costs, centrally placed military sources claimed in conversation with AFTENPOSTEN. The defense forces' high command's view in the question of the contingency stockpiling of heavy equipment for a brigade of U.S. marines has always been that these should be located in northern Norway. This view has also been expressed to the Storting bodies involved in the question, which were briefed on the government's views on Thursday by Prime Minister Odvar Nordli, Defense Minister Thorvald Stoltenberg and Foreign Minister Knut Frydenlund. Defense Chief Sverre Hamre has, according to reports received by AFTENPOSTEN, clearly informed the government and the Storting that it is important to maintain now, the priority that has been given to northern Norway for many years.

Centrally placed sources in the defense forces said that in their view the government had dealt with the question of contingency stockpiling unusually clumsily, and that the solution that has now been chosen will cost a lot of money if Troendelag is to be as acceptable from a military viewpoint as the location of stockpiles for northern Norway. The sum in question here will come as a surprise to many, these sources said.

From a military viewpoint it is doubtful whether a U.S. division, now intended for Troendelag, could be transported further north in a crisis. For this reason peacetime contingency stockpiles of arms, divisional equipment, ammunition and fuel would have to be set up for an extra Norwegian brigade in northern Norway, in addition to the division that already has its equipment there. If this plan goes through, northern Norway could be defended by some five Norwegian brigades, including the forces that can be mobilized in that part of the country. Defense forces experts consider this a critical threshold for defenses in that part of the country.

But the transportation system from Trondheim to northern Norway must also be improved, defense sources said. There is only one road and one railroad from south to north in Norway and the railroad ends at Bodø. Both the road and the railroad have limited capacity and would be very vulnerable in a crisis. There is therefore the need to improve the transportation system, and if the decision that the government has now adopted is to be acceptable from the military viewpoint, it would not be unrealistic to spend in all some 1.5 billion kroner over a few years, the sources said.

CSO: 3108

STORTING DEFENSE PANEL AIDE BACKS INCREASED SECURITY MEASURES

LD131355 Oslo AFTENPOSTEN in Norwegian 13 Sep 80 p 2

[Article by Storting Defense Committee Chairman Per Hysing-Dahl: "Labor Party Has Created Uncertainty"]

[Text] We must build our defense and security policy on realism above all else. This means that the departure point for the defense debate and defense policy must be a sober evaluation of our security situation.

Such a sober evaluation has two main elements as its foundation: First, we ourselves know and our neighbors know that we do not represent any military threat to any other nation. Any objective evaluation of our attitudes and actions would show that the efforts we make in the defense field are of a purely defensive nature.

Second, our security situation is determined by circumstances over which we ourselves have no control, namely our geographical location and our close proximity to the Soviet Union and its large bases and comprehensive military activities in the northern regions.

We have to admit that our defense needs are great. In order to be able to preserve our political freedom of action and make our contribution to peace and stability, and at the very worst to be able to repulse armed aggression, we must, in the real world that surrounds us, have a firm foundation in an effective military defense.

It is part of the whole of our tradition to work for peace and international detente. This work will be a major concern for us in the future with the expectations and commitments it entails.

There is much talk of detente in our age. We often see the concept of detente become a shuttlecock in the game of power politics when accusations are made that detente is being jeopardized.

The Western democracies, where all channels of opinion and expression are open, are infused with such a deep longing for detente and peace

that the primary danger is that we alone will make more concessions than the real world gives us cause to. No one need be concerned that Norway and the other Western democracies are ready to make contributions to detente. It is the other side with its closed social systems and its ever-expanding military power which determines whether detente is to have meaning and content, if it will have palpable results in the form of military relaxation and limitation.

A credible defense force appears to be the surest means of preventing the use of power in a world wherein military power plays a significant role.

In recent years Norway's security position has become increasingly vulnerable. The strategic importance of the northern sea and air areas continues to grow, and the Soviet Union's military buildup in the northern regions not only affects NATO's northern flank, that is, Norway's situation directly, but also threatens the whole of West Europe's defense situation.

The whole of Norway now lies behind the Soviet northern fleet's forward lines, and the whole of our territory is within range of tactical aircraft from Soviet Russian bases. These facts have further highlighted and complicated the critical question of allied reinforcements for Norway in a crisis situation and of what measures we can implement to ensure the arrival of such reinforcements. We base our defense and security policy on the NATO alliance's collective defense system. Our own resources are not sufficient to cover our own defense needs and we must therefore have allied support in a crisis and war situation.

If our defense force is to make a contribution to the preservation of peace and political freedom of action then both our national and our collective defense measures must have credibility. Credibility is created by our actions and attitudes. The government's and the Labor Party's treatment of the reinforcements issue has in recent months caused uncertainty with regard to defense and security policy.

The question now being debated, that of the contingency stockpiling of heavy material for allied reinforcements, has in reality a simple solution: Nothing must prevent us from, or sidetrack us from, working on the major task of putting the country in a position to be able to receive allied support in a crisis situation. Military developments and new technology mean that the warning period we can expect has diminished and maritime transportation has become much more difficult and extremely risky. In addition, reinforcement by sea takes far too much time compared with the margins we now can count on.

We must smooth the way for the airlifting of reinforcements and the appropriate contingency stockpiling of the military equipment which the reinforcements will need in order to be able to carry out their missions. Since we wish to maintain our present base policy and at the same time to make allied support effective, the contingency stockpiling of heavy materials for allied forces is a necessity.

Such measures are also necessary to limit the risk for the allied forces which come to our country's aid. Here we have a duty of considerable breadth and importance. We must make the help both possible and credible.

In addition to our national need for support we must, as a partner in the alliance, help to prevent Norwegian territory being used to outflank NATO defenses in the central arena and to create a direct threat to the British Isles and large sections of the Atlantic. The defense alliance's reciprocity covers both our national need of defense and makes demands on us as members of the community.

In the present situation Norway's relative defense capability must be maintained. This can only happen if the defense forces are given sufficient economic resources in the coming years.

It is possible to fight over how difficult Norway's economic position really is. But in any case it is our duty and responsibility to say that some things are more important than others. A reliable defense force that can satisfy our security needs and thus ensure peace and freedom of action is in reality a fundamental prerequisite of everything we do in other social sectors.

CSO: 3108

BRIEFS

GALICIAN PROLETARIAN PARTY ARRESTS--The police are continuing with the operation begun a few days ago to break up an alleged armed front of the illegal Galician Party of the Proletariat [Partido Gallego del Proletariado]. While no official report has yet been released, it is known that over the last few days another four people have been arrested among whom is Patricio (Recamans), a member of the Galician Brotherhood [Hermandad Gallega] which is a breakaway group from the Galician Unity [Unidad Gallega]. Police in Vigo have also arrested economist Manuel (Pousada Covado), head of a group of textile firms and one of the founders of the Galician Party of the Proletariat. This political group has issued a communique saying that in their view the armed struggle is one form of the general struggle for the liberation of Galicia. The note also says that the common denominator of the organizations to which the arrested people belong is opposition to the autonomy process for Galicia as contained in the constitution. [Text] [LD051244 Madrid Domestic Service in Spanish 0600 GMT 5 Sep 80]

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